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ROYAL COMMISSION ON TRANSPORTATION

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ROYAL COMMISSION ON TRANSPORTATION

CHARLOTTETOWN, P.E.I.
MONDAY, JULY 25th, 1949

HON. W.F.A. TURGEON, K.C. LL.D.	Chairman
HAROLD ADAMS INNIS	Commissioner
HENRY FORBES ANGUS	Commissioner

G. R. Hunter, Secretary.	P. L. Belcourt, Asst. Secretary
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I. D. Sinclair	
J. J. Frawley, K.C.	Representing the province of Alberta.
Frank D. Smith, K.C.	Representing the province of Nova Scotia and the Transporta- tion Commission of the Maritime Board of Trade.
J. Paul Barry,	Representing the province of New Brunswick
J. O. C. Campbell, K.C.	} Representing the province of Prince Edward Island
W. E. Darby, K.C.	
C. D. Shepard	Representing the province of Manitoba
M. A. MacPherson, Jr.	Representing the province of Saskatchewan
P. J. Lewis, K.C.	Representing the province of Newfoundland.

- 4659 -

MR. COVERT: Mr. Chairman and members of the Commission: the first submission is that of the Province of Prince Edward Island. The Province is represented to-day by Mr. J. O. C. Campbell, K.C., and Mr. Walter E. Darby, K.C. I believe Mr. Campbell will now introduce the Premier.

MR. CAMPBELL: Mr. Chairman and members of the Commission, I have pleasure in introducing the Honourable J. Walter Jones, Premier of Prince Edward Island.

THE HON. MR. JONES: Mr. Chairman and members of the Commission, it is my privilege to welcome you to the province to make this important investigation into the cost of freight rates, particularly from the geographic and economic standpoints.

We recognize the limitations on the Board of Transport Commissioners to make such an inquiry, and we welcome the broader aspects from which you will work.

We have had important commissions in this province during the past eighty or ninety years. I read of an important group which met in the adjoining building in 1864, when they were discussing economic union of the Maritime Provinces. A delegation from the Canadas came in and proposed the confederation of Canada, which was finally brought about.

Those people, at that time, had a daguerreotype photograph made which now hangs in the Confederation Chamber of the adjoining building, and later, when the Rowell-Sirois Commission came here, they were also photographed sitting in that chamber. I hope that very shortly, if we can arrange it, we will have this

Commission photographed, because, ∴ in our desire that you give due consideration to our problems, we feel you will be the most important commission of them all.

We want to stress the importance of giving consideration to the various methods of transportation which should be carried on in a small province like Prince Edward Island. We realize that railroad transportation is only a part of the program, although an important part.

About 73 per cent of us in this province are engaged in the production of foodstuffs. Almost all the rest of the population are giving services to the producers in the province. I feel we are unique in that respect. The only province in the Dominion which might approach us, as producers, would be the Province of Saskatchewan, which has a very large proportion.

We have to make our living by selling those products, and we are fortunate, in a way, in that we can produce readily in an areaⁱⁿ/which, for 500 miles all about, there is not to be found a better producing country.

If our transportation problems were cleared up adequately we could make a good living by supplying food to our less fortunate neighbours in Labrador and Massachussetts. We formerly made our living that way.

At the time of Confederation, and before it, this Island was a very heavy producing country, exporting grain and livestock even as far as Great Britain, and we built the ships in which those goods were carried; and we sold those ships during the winter season. Then we turned to and built more ships.

In an old history of Prince Edward Island I found there were 550 ships built in 1855. But this came to an end when the Island was hard put to it. We then got into the dairy industry; and then, shortly after that, due to exigencies, we had to catch wild foxes; and then we developed the fox farming industry here.

And shortly after that we developed the potato seed export industry, the first in Canada. We developed the shipment of potatoes from northern to southern climes, where they matured much more quickly, and we built it into a heavy industry by virtue of the fact that they had a railroad here and a tariff barrier, which carries those goods to all North American markets and to South American markets, too.

We have been able to get on by producing our own grain; and latterly, by reason of the feed grain freight assistance policy, it has enabled us to produce even more. But that, of course, also allows our neighbouring competitors to produce, although we do not much fear their competition because, even though they have grains, and the Newfoundlander and the Nova Scotian might have grains, nevertheless he is hard put to it because of too long hours; and the result is that the Prince Edward Islander can outdo him as a producer.

But we need wider markets because we are producing even more in the way of poultry grain, and more dairy products, more beef and more everything.

About thirty years ago, as I recall it, we got a car ferry steamer at Borden and our railroad was widened

to allow ' ' main line freight cars to come into the province. But at the same time, I believe we placed almost too much reliance upon that term "by rail", and we forgot the importance of . export traffic by means of schooners and boats which was the way in which we used to make our livelihood.

In the olden days when I was a boy, sixty years ago, I can recall places where there is not even a wharf today, as many as 17 schooners lying about. Thousands of schooners came in here and carried the food which kept Nova Scotia, Newfoundland and those other places going. But today, shipping all rail, we do not have any better opportunities to supply cities such as Halifax and Sydney than do other places in Canada, because of the fact we are not able to ship today by schooner; and we have lost our trade, to a large extent. Again, today, we are not able to truck outside the province.

In Ontario, Quebec and elsewhere, the trucks would carry farm produce at least for 150 miles from the points of production. But here, you ~~could not~~ get off the Island with trucks until recently, when someone conceived the plan of getting a second ferry which would carry trucks, because the Canadian National ferry refused to carry them, except at prohibitive rates.

So, we got another ferry which today carries more trucks. And the National ferry, even though they reduced their rates, carry 6,000 trucks a year.

The loss of coastal shipping, it seems to me, is a much greater loss than most people would think. It is particularly true when one studies the cost of

living, in a country like Newfoundland -- and even with Confederation -- the cost of living with respect to food-stuffs has hardly declined at all.

It seems to me that one reason for that is that there is no link-up with the food producing centres and the consuming centres in Newfoundland where, I have heard -- although I am not sure of the figures -- there are 1300 outports which can only be approached by boats, and which can never be served by railroad; yes, and which cannot even be served through the air, because of lack of landing facilities.

That country is rough and rugged like Norway; and those ports there would be in a similar position, I think, to such towns in Norway as Stavanger, and it is impossible even to approach them on foot. So it will always be necessary for them to be served by boat. These Newfoundland ports must always be served by boats.

It would be futile to expect to carry one-third of the food stuffs into Newfoundland by rail. Yet I noticed in the agreement with Newfoundland, which is somewhat similar to the agreement with Prince Edward Island, attention is largely centered on the problem of getting rail traffic into the country, whereas, in fact, they should be centering their attention on the development of coastal shipping.

We, ourselves, in Prince Edward Island, realize the necessity of a closer link between our producers and the Newfoundland consumers; and we recently put into operation a small steamer or motor vessel, which has some refrigeration; and we are developing trade between Prince

Edward Island and the outports. To date we have been quite successful, and the operation, we expect, will result in a reduction of the cost of living to the Newfoundlander.

There does not seem to be any reason why, in the retail stores of Charlottetown and those of Newfoundland goods should not be about 20¢ a pound cheaper. I think there should be, in the cost of living, a difference of about 5¢ a pound; and if the producing parts of the Maritimes would be able to get that close connection with the outports of Newfoundland, the cost of living should be greatly reduced.

Why should you send across from North Sydney, over 90 miles of water, and over a long railway, goods all the way to Saint Johns, which goods, after they arrive there, have to be placed on board coastal steamers and have to be distributed backwards half the distance which they have already come?

We can send our own products to Newfoundland in the manner I have described, and the Ontario and other products can go through here and go to the coastal ports, and they can do so much cheaper that way than by rail.

We have shipped cement from Charlottetown -- I have not got the exact figures -- let us say, to Newfoundland at from 10¢ to 15¢ a bag, and delivered it, too, more cheaply and right where the consignee wanted it, at his own door. We have also shipped carloads of flat shingles through our ports, on steamers to the outports of Newfoundland.

I think that is something which a Commission

like this should consider, and especially the importance of developing the coastal trade, and not laying so much stress on the railroads.

You will notice that the railroads are represented here today, but there is not a single coastal trader represented. I say to you: look out for the man who is not represented. We think that to be important advice to this Commission today.

I do not think railroad trading with Newfoundland would amount to more than one-fifth or one-sixth of the total trade. I do not think they will ever get it above one-third, no matter how much development there be. So I believe that coastal trade will be an important factor.

Newfoundland ports on the southern side especially are open the whole year round. It is true that our ports are closed for four months; but Newfoundlanders live in such a way that they can, almost, ride right through those four months without getting importations. Then, too, it should be possible to export during the winter time through Nova Scotian ports, if necessary.

It would seem to 'me . in so far as our trade with Newfoundland is concerned and is of importance, we should give consideration to the establishment of refrigerator boats running to St. John's.

In the late autumn we are able to ship large quantities of goods down here without refrigeration, but we should be able to ship them in the summer; and that would, possibly, help out the cost of living problem which is now worrying Newfoundland to a certain extent, and, incidentally, it would help out our farmers as well.

Now, with respect to air transport, because of the degree to which people live on farms in Prince Edward Island, we have developed a very considerable air transport here through the Maritime Central Airways; and, in addition to their passenger traffic, which is greatly used now, by virtually all our people in getting to the mainland -- I think we are the most air-minded province in Canada -- please remember that we are beginning to use it a great deal for freighting goods.

The Magdalen Islands get their mails through here. St. Pierre Miquelon get their mails once a week; and we have DC-3 air shippers who are sending a great deal of freight to Boston, Montreal, Newfoundland and other places. Lobsters go in quantity; and other traffic has developed in recent years, such as the shipment of strawberries.

Twenty-two planeloads of strawberries went out last year, and it is a very satisfactory trade. I should imagine that the production of fruit here has developed ten times in recent years because we now have an outlet throughout the year for our fruit, which comes in at a later season than the fruits of the other provinces.

There is one point, however, and that is, we should use larger planes, nine-ton planes, and then we could deliver the berries in Boston and New York and elsewhere for two or three cents a pound cheaper. The runways at the airport need to be lengthened so that larger planes can land. I think it is vital that we should have longer runways right here in the Charlottetown area.

There is another question to which I would like to draw your attention; and I think that in the United

States they have similar questions as between the states; and that is the obstruction between the various provinces in trade.

We are finding it more and more difficult, and we are hemmed in with more and more restrictions when we venture to trade with our neighbouring provinces. Confederation in Canada was intended to give us free trade. There is no such thing as dumping from one province into another.

The term "dumping", which was used only last week in Newfoundland, should refer only to goods being dumped from one country into another. We want to get our goods freely in a province like Nova Scotia or Newfoundland, yet we find there are many restrictions. If a truck wishes to cross to Nova Scotia to carry goods, it must pay \$25 for a licence before it is allowed to cross the boundary of Nova Scotia. That is a federal licence.

MR. O'DONNELL: I never heard of such a thing.

THE HON. MR. JONES: There are also federal restrictions such as: we cannot trade freely in meats. Not so many years ago I can remember when mutton and beef from Prince Edward Island could go to Halifax without any restrictions whatsoever, but today, any meat from any point in Prince Edward Island which is going out of the province has to be inspected by a dominion inspector.

Take, for instance, a schooner,^{of} which we have a few. Let us say it is about to leave Souris, which is about 50 miles from Charlottetown with a load for St. ' Pierre Miquelon, when it receives a wire requesting it to bring ten hogs on deck.

It is easy to get the hogs. Some farmer will kill them because they will accept any size at all. But what have they got to do to fill that order? They must first kill the hogs, then transport them into Charlottetown, and have a doctor look at them and put an X on them, if they are good; then they must take them back and put them on board the schooner. It all adds up to a difference of two days, during which the schooner has had to wait, at considerable cost, before they can ship those hogs on that order.

We have never had restrictions on trade like that before. It may be necessary for health reasons; but if it is necessary to have such restrictions, why should not the farmers in Prince Edward Island be put in the same category as the Nova Scotia farmers, whereupon they would not be necessary?

The trouble is, such health restrictions, might be necessary in a big province like Ontario · Quebec, Alberta or Saskatchewan, because they are big areas, and it would not cause so much trouble there; but when you come to the Maritime Provinces, they are small areas, yet each province has its own restrictions.

The remedy is a very simple one, and this Board could remedy it very quickly simply by saying that the Maritime Provinces and Newfoundland would be only one area, so far as health restrictions are concerned, and that they could trade freely amongst themselves. That would be a very simple thing to do, and I suggest that this Board could do it, if it saw fit.

For instance, we have canning factories here

which might can lobster in the spring and meats and poultry in the summer. Now, we have a surplus of meat in Prince Edward Island, but those canning factories cannot buy their meat here at all. No, they must go to an abattoir in New Brunswick and import meat into Prince Edward Island in order to can it here, while all the time we have a surplus. That illustration is to give you an idea of how these restrictions work. I think it is something which should be looked into thoroughly.

Now, with respect to the car ferry steamer, you have seen it, but I do not suppose you have seen the difficulties we may have in the straits. A few years ago we wanted a tunnel or a causeway, but some of us thought we were still in for a boat. So we got a good boat, a regular boat. It crosses there, during the year, on an average of about five times a day. Sometimes it may work for twenty-four hours right around the clock, when freight is heavy.

In the summer time it will hardly carry the tourists who want to come and go from Prince Edward Island. We get frequent delays due to the fact that we never know when the boat is going to sail. When we are on the mainland we may make a shot at it and hurry down to the dock only to see the boat sailing away, whereupon we have to wait three hours for the next boat. Sometimes we have to wait four hours, if the boat is crowded. Personally, I do not often travel by boat; I mostly fly. But there are no facilities on the wharf of any kind for the passengers and there has never been any, in thirty years. I do not know what the matter is, but it seems to me that

possibly, if that boat were put under some other kind of management, and was controlled by a commission instead of by a big railroad -- as many other things are controlled -- it might be controlled in the interest of the public rather than for the interests of the passengers on the train. There is hardly excuse enough for holding up the trip of the boat because there are some passengers who want to get across. The boat will wait for the train for hours, while it leaves passengers with automobiles standing on the wharf. That is one of the big complaints of this province. Something should be done to see to it that during the rush season of the tourist year, the months of the summer, to see to it that the boat is kept to its schedules back and forth; or otherwise, there should be an auxiliary boat to run on schedule to carry automobiles.

(Page 4680 follows)

Something should be done, and done soon, or else you will injure a valuable tourist trade we might built up here, and give a constant source of irritation to travellers. We think that could be overcome by an intelligent consideration of the whole problem.

The boat is inadequate at certain seasons to carry freight. It is dependent on the railway time-tables for the time it crosses. I do not know what can be done, but for the next twenty-five years we are going to depend on boats crossing there, because a tunnel is almost out of the question, as the engineers know now.

We get pretty good harbours, thanks to the advice of General Ferguson, who designed them, and I believe that the service will be quite adequate if the management perhaps is put on some other heads than the railroad.

We have no railroad competition on Prince Edward Island; the C.N.R. is the only railroad. The C.N.R. has no competition with trucks. Until very recently trucks could not get to the mainland at all. During four months of the year they have no competition whatever. I do not know whether that is good for the railroad or not. They say competition is the life of trade, but here is a unique problem. Farmers cannot get their stuff away with trucks as they do elsewhere, everything has to go by rail, and during the winter season we are compelled to send them by way of Borden. Something might possibly be done to remedy that situation. Of course, roads are open now in winter and trucks can get about. It is a very difficult thing for a man to establish a truck service to Halifax or to Sydney, which are notably

food-deficient areas, carry it on for seven or eight months of the year, and have to give it up in the wintertime; so I think consideration should be given to the possibility of putting on an ice-breaker, which would serve to carry passengers and trucks from the eastern end of the island in the wintertime, an extension of the Wood Island-Cariboo ferry into the winter season. That would allow our trucks to reach Halifax and Sydney as they do in summer, and give us a very valuable service. It might be that the old car-ferry steamer, after you built a new one -- as you will have to very shortly -- could be used in the eastern end of the island to give us a service of that kind, which would be a tremendous benefit, and a tremendous benefit to the people of Nova Scotia, who would get their goods much cheaper than they could by rail.

The trucking from Prince Edward Island goes mostly by the Wood Island-Cariboo route. It is a shorter route to Halifax or to Sydney from any point in Prince Edward Island than crossing by Borden; I do not know the figures, but it is probably 100 miles shorter to go to Halifax by Wood Island than to cross at Borden. It would be well to consider that, I think.

In this connection it has seemed to me a very proper thing to suggest to you that a shorter route should be provided to Montreal from Prince Edward Island. At the time of Confederation we were seduced into the Confederation by a promise of linking us up with a railroad which went up the St. Lawrence by way of Riviere du Loup. The only thing in the minds of the people then, of course, was water transportation. The only way to reach Canada was by the St. Lawrence. The railway was to go to Riviere du Loup and extend to the

Maritime Provinces, and we wanted to be connected with it. But when we go to Montreal now by C.N.R., we leave Moncton and we travel north for hours and hours on end, until the route to Montreal is something like 250 miles longer than a short route across the State of Maine. In 1867, at the time of Confederation, we were always trying to avoid the American border, because of the Fenians, there were a lot of questions such as the Reciprocity Treaty, and feeling was not too friendly in the United States then, so we had to keep clear of their border. That is not so to-day, and the United States would readily, I am sure, give us roads across the State of Maine to Montreal. A truck might leave here in the morning and easily be in Montreal the next morning. The United States itself is running roads north, and having four-lane roads up to Bangor and beyond, and I would suggest a straight road through from Prince Edward Island to Montreal through the State of Maine, which would give us access to Montreal and Boston, and which would be extremely valuable to Prince Edward Island.

The same is true on the railroad, because the short route to Montreal on the railroad is by C.P.R. across the State of Maine, and having to take twenty-four hours to get to Montreal from here and have that long trip I do not think is the part of wisdom to-day. I think we should be able to leave here in the late afternoon and be in Montreal in the morning, if we had a short railroad route. We are only 200 miles from Saint John, New Brunswick; we ought to be able to reach there in the early evening, leaving here at four or five o'clock, and we ought to be in Montreal in the morning. I think that is only fair; if we want to link these Maritime Provinces closer with Newfoundland, it can be

done by means of short railroad and short highways.

I suggested, when our experts were beginning to prepare the brief, that they give consideration to the amalgamation, for management and operation at least, of the C.P.R. and the C.N.R. railways. We are in a unique position to-day, because we are the only province in Canada that has not got the C.P.R. with us, because we are suffering from the long haul to Montreal and long communication lines, and we think that those two railroads could be brought together in some way to the benefit of all Canada. At least, we said, the matter should be considered and discussed, because Lord Shaughnessy proposed it some years ago, and I think he was a competent man. Sir Edward Beatty, the late President of the C.P.R., also proposed it, and I think even the C.P.R. officials will admit that he was a great man, and I do not see why a Commission like this should not give careful consideration to the possibility of getting those two railroads together.

I would not like to say just how our potatoes should go -- there are experts here who could tell you about that -- but our potatoes from here do not go through Saint John, they go away up around through New Brunswick somewhere to get across, because they are competing with the C.P.R.; I think they go up the Trans-Canada Road for some distance, then cross over in the vicinity of Fredericton and get on the roads which work with the C.N.R. in the United States. There should be one through trunk road which would wheel that stuff along and wheel it along rapidly, which would be a great benefit to our people in this area of Canada.

Now, sir, the Prince Edward Island farmer and producer pays the freight, I think you will admit. My experts can look

up figures, but I remember at the time of the Dominion-Provincial Conference looking up figures from the Bureau of Statistics^{on} what the farmer of Prince Edward Island got for his potatoes and what the Ontario farmer got, and -- I am doing this only from memory -- when the Ontario farmer in 1944 got \$1.11 a bushel, the Prince Edward Island farmer got 64 cents a bushel, and I think that is about the difference. The farmer pays the price, the producer pays the price. We have been able to stick in the market only by virtue of working harder at it and grading the material better, and of course we do produce wonderful material, that is unique in quality, in this province. It is not only a natural advantage but it is an advantage which has come about because of the exigencies of the times, when we had to do it or get out of the province altogether -- and many did get out of the province. So we pay this freight, and we do not like to see it jumping up by leaps and bounds, 21% at a time. Of course, you are here to see whether or not it is correct to put that load on us people living in the outlying parts of Canada, in order to keep this Confederation together or to keep the competitive railroads going.

We are not well off in this province. You come to Summerside and you see us all out to a horse-race, and you think we are well-to-do. I can assure you that our people work in the old-fashioned hard way, and work very long hours. On my own farm since the year 1922 our men in the stables work from 5 o'clock in the morning until half-past 9 at night -- one shift, not two shifts -- milking cattle. Our farmers work very hard, and if you think they are as well off as farmers in other places, I can assure you that any of them who can get a job on the railroad as a section man, with the

short hours and the high wages, will leave his farm to take it almost any time. The wages paid to Federal employees are out of line with what we are able to pay in this province, so that we politicians are continually fighting off people who want to get Federal jobs, even though they be only stenographers. We have to work harder to keep ourselves going. We want to be loyal Canadians, and we want to live particularly on Prince Edward Island, but we do not want to have our difficulties increased by having the freight rates run up to a point where we cannot use the railroads any more and will have to revert wholly to coastal shipping.

In this province we have not even got a County Agent system for agriculture. It is true we get help from the Dominion Government; we have the experimental farms and the Science Service in agriculture to help us, and they have been a wonderful help. We have the Public Works Service, the Transport Service, and a few things like that; but Mines and Industry and Labour and all those various organizations which have the use of all Canada have nothing to do here. We have no Department of Labour; we just run on by ourselves. We did not get any benefits during the war of any kind; they said because we were on an island they could not put industry here. We merely got a couple of airports, and our people were taken away by thousands, to fight and to work in factories, and some of them never came back. That is an agricultural community and the way it works, sir, and we thought it deserving of special consideration by a Commission like this, particularly when you are considering trade and transportation, because those are of prime importance to our province.

I think possibly I have talked long enough, but I

should like to quote in conclusion something stated by Sir Edward Beatty in an address delivered on May 20, 1935, which you will find at page 110 of our brief. Sir Edward Beatty said:

" My theory of the economic life of Canada is a simple one. Our primary industries produce. The rest of us live by exchanging our goods and services with the primary producer for his products. The profits of primary production govern the economic life of the nation.

The farmer sometimes says that he lives by farming the soil and we by farming him. The statement contains a crude truth which it will not do to forget. Let us beware lest we place on those who support our economic life a burden beyond their ability to bear.

No one takes more pride than I do in the growth of the cities and towns in Canada; in the expansion of our great manufacturing industries; in the steadily rising standards of living of our people; in the provision for education and public health; in the constant addition to new types of recreation and of other amenities of life. I plead only that we do not forget that this whole complex structure rests upon the shoulders of those who till the soil, or otherwise begin the process of using natural wealth for the benefit of humanity."

THE CHAIRMAN: We thank you, Mr. Premier.

MR. CAMPBELL: Mr. Chairman and members of the Commission, in connection with the brief which has been filed on behalf of the government of Prince Edward Island,

might I ask the privilege of having this brief filed and taken as read in the record.

THE CHAIRMAN: Very well.

(Submissions by the Province of Prince Edward Island follow, on page 4687-A and pages 4687-1 to 4687-116)

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THE ROYAL COMMISSION

ON

TRANSPORTATION

SUBMISSIONS

BY THE PROVINCE OF

PRINCE EDWARD ISLAND



JULY 1949

CHARLOTTETOWN, PRINCE EDWARD ISLAND

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The Royal Commission on Transportation

Submissions by the Province of Prince Edward Island

INTRODUCTORY STATEMENT

The Province of Prince Edward Island is of opinion that the investigation by this Commission does not relieve the Canadian Government of its direct duty to take such immediate measures as may be necessary to ascertain the true economic position of Prince Edward Island in relation to transportation and to apply adequate remedial measures. Any recommendations which this Commission may be pleased to make, however favourable to this Province, and however completely implemented, will not discharge the continuing duty of Canada to rectify the inequalities and disadvantages to which we have been subject.

An assessment of the economic, geographic and other disadvantages of this Province requires study of its history, its farming and fishing economy, its lack of manufacturing, the availability of markets, and its geographic isolation in relation to the rest of Canada.

The British North America Act of 1867 joined the older provinces in a political union; there remained, however, the need of making that union a reality both politically and economically. One of the principal steps towards nationhood was the development of transportation by means of which all the provinces would have easy communication with each other. Transportation was never wholly disassociated from government enterprise, but political union made possible for the first time a national policy on transportation.

The Maritime Provinces were induced to enter Confederation on the strength of two main representations:—

- (1) That an intercolonial railway be built.
- (2) That in general, and specifically as a result of the building of that railway, the Maritime Provinces were to share in the internal commerce which the creation of the Dominion was intended to promote.

The first promise was fulfilled, but the second, which was to be a corollary to it, has almost completely failed. Instead of finding markets in Central Canada and the West, the Maritime Provinces, especially Prince Edward Island, have lost in large measure the commerce they had at the time of Confederation.

Shipping has declined, manufacturing has withered away in the face of large-scale production of the central provinces, the financial institutions of the Maritimes have themselves gone to larger centres, and the most enterprising part of the population has been steadily migrating. Prince Edward Island has lost her natural markets because of tariffs and freight rates imposed upon her as a national policy, but has not shared in the markets created by such policy; thus, for this province, it has been in large measure all loss and no profit.

The Island Provinces are in a unique geographic position and their transportation difficulties are aggravated for that reason. Air, coastal shipping, ferry, and rail services become vital factors in our economic life and our submissions will of necessity deal with these in considerable detail. In presenting this case, inequalities and apparent discriminations will be indicated, and suggested remedies formulated. In many instances, Prince Edward Island asks for special consideration. Features will be outlined which in detail are applicable only to this province, and which may, in certain cases, require remedy without regard to precedent.

The problem is approached from that which appears to be the National interest, and if these submissions in part tend to the Provincial, it is because of the belief that the prosperity of the whole of Canada is bound up with that of all its constituent members. Where we have not received or are not receiving equitable consideration, we shall specifically ask for relief. In so far as Confederation has placed this Province in an artificial economic position because of its isolation and the diversion of its trade from natural channels, we shall ask, where necessary, that artificial measures be recommended which will adequately meet the situation.

If the whole problem of transportation, within the terms of this reference, is approached by those interested in the broad spirit of cooperation, formulas may be adopted which will have far-reaching consequences in the economic development of Prince Edward Island as an integral part of Canada.

PART ONE

THE ECONOMIC AND GEOGRAPHIC DISADVANTAGES OF PRINCE EDWARD ISLAND IN RELATION TO TRANSPORTATION

1. THE HISTORICAL BACKGROUND

Prior to Confederation, Prince Edward Island was a thriving and growing self-governed Colony. Up to 1873, our population was growing (increase from 47,034 in 1841 to 94,021 in 1871), manufacturing industries were progressing and the Colony was in a prosperous condition. We had established our own trade routes and markets, chiefly with Great Britain and the United States. Suitable public buildings, roads, wharves, breakwaters, lighthouses, and other public works had been constructed. A stock and experimental farm had been fully equipped, and generally the Colony was as prosperous and progressive as any community in British North America.

We had done all these things, had carried on our business, and paid our way out of the revenues collected. Apart from the Railways, the trifling debt carried by the Colony represented a part of the expenditure incurred by the transactions relative to buying the lands of the Island from the absentee proprietors. Otherwise, we were not a cent in debt and still prospering.

All this had been done under a customs and excise tax not exceeding \$3.04 per person. By the Confederation Agreement, the Island surrendered to Canada the control of its customs and excise and immediately became subject to the tariff policies of the Dominion.

In 1864, the Governments of the Maritime Provinces were groping towards political union. The Union of Upper and Lower Canada had produced a state of political and economic chaos.

In September of 1864 representatives of the three Maritime Provinces met at Charlottetown to discuss the feasibility of Maritime Union. The Government of Canada requested the privilege of sending delegates "to ascertain whether the proposed Union may not be made to embrace the whole of the British North American Provinces". Such a delegation, consisting of the leading statesmen of Canada, was welcomed at Charlottetown, where the local issue of Maritime Union at once gave way to the consideration of the larger project. After a week's deliberation at Charlottetown, with sessions at Halifax and Saint John, the conference adjourned to meet at Quebec in October, where it considered a scheme of federation drawn up by the Canadian Government in the interim between the two conferences. These proposals were in the main embodied in the so-called Quebec Resolutions, which, in turn, became the basis of the British North America Act.

The conferences at Charlottetown and Quebec held their sessions behind closed doors and have left meagre records of their deliberations. It is difficult, therefore, to ascertain what considerations were given and received by the respective parties so far as the delegates were concerned. Neither does the British North America Act disclose any specific understandings. That instrument is in form merely a framework of government, not a statement of political or economic principles, much less a contractual agreement. For the inducements held out to the Maritime Provinces to enter Confederation one must look to the explicit statements made by the visiting Canadian delegates at various functions given in their honour at Halifax and Saint John, as well as to addresses made by the "Fathers of Confederation" in their public discussion of the scheme, and especially to the memorable debate in the Canadian Parliament in 1865, on the Quebec Resolutions. From all these taken together we may reasonably infer intention, and, in the light of such intention, the Confederation pact must be interpreted.

Hon. Geo. E. Cartier at Halifax.

For instance, on September 12, 1864, at Halifax, a banquet was tendered the delegates to the Charlottetown conference. The leading Canadian statesmen made addresses, among them Hon. George E. Cartier, Attorney-General of Lower Canada, who spoke in part as follows:

"I need hardly bring to your notice, gentlemen, that we in Canada have those two great elements of nationality—the personal and territorial elements; but we know our shortcomings—that though great in territory and population, we want the other element which is absolutely necessary to make a nation, that is the maritime element. What Nation on earth has obtained any amount of greatness unless it has been united with a maritime element?

"I have heard since I have been in Halifax, the objection thrown out that there is much danger that you would be absorbed. It will be very easy for me to dispel such fears. I answer them by a question: Have you any objection to be absorbed by commerce? Halifax through the Intercolonial Railway will be the recipient of trade which now benefits Portland, Boston, and New York. If you are unwilling to do all in your power to bring to a satisfactory consummation this great question, you will force us to send all this trade, which you ought to have, through American channels. Will the people of Nova Scotia or New Brunswick be better off because they are not absorbed by commerce, or prosperity? It is as evident as the sun shines at noon that when the Intercolonial Railway is built—and it must necessarily be built if Confederation takes place—the consequence will be that between Halifax and Liverpool there will be steamers almost daily leaving and arriving at the former—in fact it will be a ferry between Halifax and Liverpool."

Hon. George Brown at Halifax.

On the same occasion Hon. George Brown made a notable address. After traversing the arguments against Confederation, Mr. Brown made this significant statement:

"But far in advance of all other advantages would be this, that union of all the provinces would break down all trade barriers between us, and throw open at once to all a combined market of four millions of people. You in the east would send us your fish and your coals and your West India produce, while we would send you in return the flour and the grain and the meats you now buy in Boston and New York."

Hon. John A. Macdonald at Halifax.

And Hon. John A. Macdonald, Attorney-General of Canada West, who was later to play so important a part in the inception of the New Dominion as its first premier, was equally explicit. His reference to the Intercolonial Railway indicates the intimate relation between the building of that road and the accomplishment of Confederation. His statement was as follows:

"I will not continue to detain you at this late period of the evening, but will merely say that we are desirous of a union with the Maritime Provinces on a fair and equitable basis; that we desire no advantage of any kind; that we believe the object in view will be as much in favour as against these Maritime Colonies. We are ready to come at once into most intimate connection with you.

"I don't hesitate to say that with respect to the Intercolonial Railway, it is understood by the people of Canada that it can only be built as a means of political union for the colonies. It cannot be denied that the Railway, as a commercial enterprise, would be of comparatively little commercial advantage to the people of Canada. Whilst we have the St. Lawrence in summer, and the American ports in time of peace, we have all that is requisite for our purposes.

"We recognize, however, the fact that peace may not always exist, and that we must have some other means of outlet if we do not wish to be cut off from the ocean for some months in the year. We wish to feel greater security—to know that we can have assistance readily in the hour of danger. In the case of a union, this Railway must be a national work, and Canada will cheerfully contribute to the utmost extent in order to make that important link without which no political connection can be complete.

"What will be the consequence to this city, prosperous as it is, from the communication? Montreal is at this moment competing with New York for the trade of the great West. Build the road and Halifax will soon become one of the great emporiums of the world. All the great resources of the West will come over the immense railways of Canada to the bosom of your harbor."

Hon. A. T. Galt at Halifax.

Hon. Mr. Galt also referred to the Intercolonial Railway:

"If we are united we must have an Intercolonial Railway. I am an advocate of this great work, and it becomes an absolute necessity if a union of these Provinces is to take place at all. . . . But the railway is not to be looked upon as a question of cost, but as a bond of union that will unite us in peace and in time of need."

Speeches at Saint John.

At Saint John there was further speech-making. Hon. Mr. Cartier repeated what he had said at Halifax:

"Canada has population and territory sufficient to make a great nation in course of time. But she wants what the Lower Provinces possess—an outlet to the sea. As the Lower Provinces now stand, they are comparatively weak and powerless—and the wealth, labor, and industry which Canada possesses, go in a great measure to enrich such cities as New York, Boston, and Portland. This must continue to be the case until the intercolonial railway shall be built. . . .

"Canada had been accused of insincerity in her dealings with the Maritime Provinces, and this led to the formation of a strong prejudice against accepting the proposals of his Province for Confederation; but he assured every one who listened to him that Canada

was unjustly accused; and that her ministers did not come there to urge them by undue means into the adoption of any scheme of union; but fairly to point out to them the enormous advantages which, in a commercial point of view, their merchants, traders, and manufacturers would derive from having a market of four millions of people for the exchange of their several commodities, instead of being restricted to the small and scattered populations which now compose the Lower Provinces."

And Hon. George Brown in glowing eloquence prophesied future Canadian expansion and emphasized the trade opportunities that Confederation would open up for the Maritime Provinces:

"He hoped to see all the provinces united. . . In Canada there were . . millions upon millions of acres yet lying unreclaimed from their wilderness state, which would, at some future day, be inhabited by thrifty farmers, producing breadstuffs for the Lower Provinces, while they received the manufactures of those provinces in return. What a happy and prosperous state of affairs would thus be presented when compared with the present isolated condition of the provinces!"

Addresses at Quebec, Montreal and Toronto.

Later, at an official dinner at Quebec on October 15, Mr. Galt made the following statement, which is very much in point at the present time:

"We are trying to encourage manufacturing in Canada. A supply of coal is a most important element of success in this respect; and we have before us the fact that Nova Scotia possesses that element. The great resources of the Maritime Provinces have been amply shewn by the honourable gentlemen who have already spoken, and who have abundantly proved that they come not as seeking assistance from us, but in a broad and national spirit."

A few days afterwards, in Montreal, Mr. Cartier made another plea for Maritime support, as follows:

"I must repeat to you what I stated while in the Lower Provinces, that while we possessed the personal and the territorial elements which go to constitute a nation, we were wanting in the maritime element. During six months of the year we had to knock at the door of our neighbor in order to carry on our trade. This cannot be tolerated. This Confederation must be carried out. I know that every citizen of Montreal will understand that at this critical time we should look to Nova Scotia, to New Brunswick, and Prince Edward Island for the elements wanting in Canada to make a great nation. I don't mean a nation distinct from the mother country.

"With our prosperity we are enriching the American States, whereas we ought to be enriching our own States. We ought to be enriching such harbours as Saint John and Halifax."

At Toronto, on November 3, Hon. George Brown made a strong plea for the building of the Intercolonial Railway. He admitted that he had formerly opposed it but that it was now a necessary part of the general scheme. And he pointed out that the interests of Upper Canada were safeguarded in the arrangement:

"In agreeing to build the Intercolonial railway, it should also be stated that due regard was had to the interests of the West. I am happy to be able to say that with the unanimous consent of the members of the Conference, we have resolved on the extension of our canal system. Still further, I think it well to state that while we have sought Confederation with Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island, we have not been neglectful of the Far West, but we have made it a condition of Union that the great

North-West may come into the federation on equitable terms at any time it pleases, and that British Columbia and Vancouver Island may also be incorporated with us. We have likewise made it a condition that so soon as the state of the finances will permit communication is to be opened up from Western Canada to the North-West territory."

Parliamentary Debate on Quebec Resolutions.

The Parliamentary debate on the Confederation proposals brought forth equally positive declarations from the Canadian leaders. Hon. John A. Macdonald, in presenting them to the House, urged the adoption of the scheme, for, he said, "if we do not embrace this opportunity, the present favorable time will pass away, and we may never have it again." Continuing, he said:

"Just so surely as this scheme is defeated, will be revived the original proposition for a union of the Maritime Provinces, irrespective of Canada; they will not remain as they are now, powerless, scattered, helpless communities; they will form themselves into a power, which, though not so strong as if united with Canada, will, nevertheless, be a powerful and considerable community, and it will be then too late for us to attempt to strengthen ourselves by this scheme, which, in the words of the resolution is for the best interests, and present and future prosperity of British North America."

And referring to the probable termination of the Reciprocity Treaty and the bonding privilege, he pointed out the precarious economic condition in which the province of Canada would find itself:

"Ourselves already threatened, our trade interrupted, our intercourse, political and commercial, destroyed, if we do not take warning now when we have the opportunity, and while one avenue is threatened to be closed, open another by taking advantage of the present arrangement and the desire of the Lower Provinces to draw closer the alliance between us, we may suffer commercial and political disadvantages it may take long for us to overcome."

Thus Macdonald was keenly alive to the political and economic necessity for Canada of Confederation, as well as to the fact that the Lower provinces had a feasible alternative in Maritime Union.

Cartier argued much as he had done at Halifax and Saint John. He maintained that the choice lay between Confederation and annexation, and that considerations of defence made union of some kind imperative. But what he especially valued was the maritime element that the Lower Provinces could contribute.

"Owing to the large trade and commerce of Canada, extensive communication with Great Britain at all seasons was absolutely necessary. Twenty years ago our commerce for the year could be managed by communication with Great Britain in the summer months only. At present, however, this system was insufficient, and for winter communication with the seaboard we were left to the caprice of our American neighbors, through whose territory we must pass. He had also alluded to the bonding system, which if the Americans were to withdraw, Canada would be left in winter without any winter harbours. Canada having two or three elements of national greatness—territory and population—wanted the maritime element; and as he had said, the Lower Provinces had this element and a seaboard, but not a back country or large population, which Canada possessed; and for the mutual benefit and prosperity of all the provinces, all these elements ought to be united together. . . . Now was the time to look the matter in the face and adopt the only safe and prudent course open to us in the shape of Confederation."

With Galt, the powerful argument in favor of Confederation was the stimulation of intercolonial trade:

"It is a matter for regret," he said, "on the part of all of us that the trade between these colonies—subject all to the same Sovereign, connected with the same Empire—has been so small. Intercolonial trade has been, indeed, of the most insignificant character; we have looked far more to our commercial relations with the neighboring—though a foreign—country, than to the interchange of our own products, which would have retained the benefits of our trade within ourselves; hostile tariffs have interfered with the free interchange of the products of the labor of all the colonies, and one of the greatest and most immediate benefits to be derived from their union will spring from the breaking down of these barriers and the opening up of the markets of all of the provinces to the different industries of each. In this manner we may hope to supply Newfoundland and the great fishing districts of the Gulf, with the agricultural productions of Western Canada; we may hope to obtain from Nova Scotia our supply of coal; and the manufacturing industry Lower Canada may hope to find more extensive outlets in supplying many of those articles which are now purchased in foreign markets."

Hon. George Brown, in the debate in the Legislature, stated that:

"One of the best features of this union is, that if in our commercial relations with the United States we are compelled by them to meet fire with fire it will enable us to stop this improvidence and turn the current of our own trade into our own waters."

"I am in favor of this union because it will give us a seaboard at all seasons of the year. . . The I. C. R. will give us at all times access to the Atlantic through British territory. As a commercial enterprise the I. C. R. has not I apprehend any considerable merit; as a work of defence it has, however, many advocates; but if the union of the provinces is to go on, it is an absolute necessity; and as the price of union, were there no other arguments in its favor, I heartily go for it. The advantages it will confer on the Maritime Provinces can hardly be over-rated. It will make Halifax and St. John the Atlantic seaports of half a continent—it will insure to Halifax ere long a line of powerful steamers running in six days from her wharves to some near point on the west coast of Ireland and it will bring a constant stream of passengers and immigrants through those Lower Provinces that never otherwise would come near them."

The following extract from a letter to Lord Monck is illuminating:

"They (the delegates from Nova Scotia and New Brunswick) will not leave the construction of the Intercolonial to the legislation of the new Assembly—they say that the construction of this Line is the great inducement to them to go into the compact, and that its construction must be a condition precedent, or rather a base of the operation itself."

(C. J. Bridges to Lord Monck, September 19, 1866, Canadian Archives, McDonald papers, "Confederation", vi.)

Prince Edward Island was dissatisfied with the terms as originally proposed but in 1873 entered Confederation. Basically the original inducements outlined above applied, plus the terms of admission as incorporated in the Order-in-Council.

The following extract from the report of the Duncan Commission, (page 20) summarizes the matter:

"We think, however, that a balanced study of the events and pronouncements prior to Confederation, and at its consummation, confirms the representations submitted to us on behalf of the Maritime Governments in regard to the ultimate construction of the railway, viz:—

- "(a) That leading Canadian statesmen in urging the adherence of the Maritime Provinces to Confederation defined the purposes of the railroad to be
 - (i) A means of affording to Canadian merchandise, and to Canada herself in times of national and imperial need, an outlet and inlet on the Atlantic ocean—available all the year round—and
 - (ii) To afford to Maritime merchants, traders and manufacturers, a market of several millions of people instead of their being restricted to the small and scattered populations of the maritimes themselves, particularly in the light of the disturbance with which their trade was threatened as the result of the discontinuance by the United States of the reciprocal arrangements that had prevailed.
- "(b) That strategic considerations determined the actual course of the line—making it many miles (estimated by Sir Sandford Fleming at 250 miles) longer than was necessary—if the only consideration had been "to connect the cities of the Maritime Provinces with those of the St. Lawrence."
- "(c) That to the extent that commercial considerations were subordinate to **national, imperial and strategic** considerations, the cost would be borne by the Dominion and not by the traffic that might pass over the line."

Section 145 of the British North America Act sets forth the obligations of the federal government to the Intercolonial in terms that cannot be evaded:

"145. Inasmuch as the Provinces of Canada, Nova Scotia, and New Brunswick have joined in a Declaration that the Construction of the Intercolonial Railway is essential to the Consolidation of the Union of British North America, and to the Assent thereto of Nova Scotia and New Brunswick, and have consequently agreed that Provision should be made for its immediate Construction by the Government of Canada: Therefore, in order to give effect to that Agreement, it shall be the Duty of the Government and Parliament of Canada to provide for the Commencement within Six Months after the Union, of a Railway connecting the River St. Lawrence with the City of Halifax in Nova Scotia, and for the Construction thereof without Intermission, and the Completion thereof with all practicable Speed."

The Duff Report (page 77) states as follows:

"So if today the Intercolonial, forming with the National Transcontinental Railway the eastern lines of the Canadian National System, seems to present many of the aspects of commercial failure, it should be remembered that its economic defects are to a great extent inseparable from an origin that had its roots, and remains rooted, in the broader considerations of public policy."

To have taken a profit out of the operation of the Intercolonial and used it as Federal revenue, would be taxation not contemplated by the British North America Act, and a violation of the confederation compact. As Dr. Innis expressed it: "If the road (Intercolonial) must be regarded as an essential part of Confederation, its success is measured in terms of the value of Confederation." (H. A. Innis, *Problems of staple production in Canada*, Toronto 1933, page 35.)

2. PRESENT TRANSPORTATION FACILITIES

A. Railways.

There are 286.10 miles of railroad on Prince Edward Island. This is mostly the former Prince Edward Island Railway which was taken over by the Dominion Government at the time Prince Edward Island entered Confederation in 1873. Subsequently this road was operated as part of the Intercolonial Railway and later incorporated with the Canadian National Railway system.

The main line runs from Tignish in the western end of the province, through Summerside, to Emerald Junction, to Royalty Junction, to Mount Stewart and through to Souris in the east.

A branch line extends from Emerald Junction near the centre of the province to Borden on Northumberland Strait. Borden is the terminal for the carferry to Cape Tormentine, New Brunswick, and provides the only rail outlet from the Province.

A branch line runs from Royalty Junction to Charlottetown.

Another branch extends from Charlottetown across the Hillsborough Bridge to Murray Harbour in the south-east. This line has a small loop from Lake Verde to Vernon approximately 3 miles in length over which trains make a detour before proceeding to destination. The Charlottetown-Murray Harbour line provides no freight service owing to restricted capacity of the Hillsborough Bridge.

Another branch of the railway extends from Mount Stewart on the main line to Georgetown in central King's County (east) with a $4\frac{1}{2}$ mile sub-branch from Montague Junction to Montague. Over this sub-branch, trains back up, return to the Junction and then proceed a further 4 miles to Georgetown.

In order to move the freight originating on, and destined for points on the Murray Harbour line, a cross-country branch extends from Lake Verde on this line to a point east of Mount Stewart on the Georgetown line—a distance of 9 miles. This freight is picked up by trains operating the Mount Stewart—Georgetown route three times per week.

An eastern extension of the main line runs from Harmony Junction, about 2 miles from Souris, to Elmira a distance of about 8 miles. This extension is provided with train service—going Monday and Tuesday evenings, return Tuesday and Wednesday mornings each week.

The character of the roadbed, the succession of heavy curves and heavy grades make successful railway operations difficult. In spring, when frost is coming out of the ground, road conditions are still further impaired. Under prevailing conditions, the heaviest steam locomotive that can be used is the 1100 type.

The following table, furnished by Mr. C. T. Montgomery, Superintendent of the Prince Edward Island Division, indicates the limit of tonnages that can be hauled by trains in this province, due to such adverse conditions.

(The Car factor in all cases is 3.)

The 32% engines do not operate all over the P.E.I. Road.

21%	25%	32%		32%	25%	21%
480	580	743	Charlottetown & Royalty Jct.	1167	912	754
480	580	743	Royalty Jct. and Emerald Jct.	686	536	450
600	725	907	Emerald Jct. & Summerside	829	675	575
525	650	800	Summerside and Tignish	943	735	620
620	735	943	Emerald Jct. and Borden	858	670	585
700	755	—	Harmony Jct. and Elmira	—	800	710
585	675	—	Souris and Mt. Stewart Jct.	—	650	510
585	675	858	Mt. Stewart Jct. & Royalty Jct.	1000	850	700
585	675	—	Georgetown and Montague Jct.	—	800	710
620	735	—	Montague Jct. and Mt. Stewart Jct.	—	695	585
800	970	—	Montague and Montague Jct.	—	860	735
600	750	—	Lake Verde and Mt. Stewart Jct.	—	750	600
545	675	—	Murray Harbour and Lake Verde	—	695	585
620	736	—	Lake Verde and Charlottetown	—	735	620
725	860	—	Vernon and Lake Verde	—	970	815

Where blank spaces are shown above, it means the 32% do not operate.

Freight trains are thus able to haul only a limited number of loaded freight cars; a large freight train here would be in the vicinity of 20 cars, and, as the tables indicate on many of the road sections, as few as 13 cars would be the limit that could be hauled.

Mixed passenger and freight trains operate on all runs except the run to and from the mainland (Charlottetown—Borden) which operates once daily, except Sundays.

Except during the winter months (December—March), passenger travel by train on Prince Edward Island is light as the public prefer to travel by automobile or by bus, which saves time and provides a more direct service to rural communities.

The following table indicates some of the inadequacies of train travel, with comparative figures by bus:—

Route	Rail		Bus	
	Time	Mileage	Time	Mileage
Charlottetown—Summerside.....	2:30	47	1:35	40
Summerside—Tignish				
noon	5:29	67	2:30	66
night.....	3:30	67	2:30	66
Charlottetown—Murray Harbour.....	3:35	48	1:45	48
Charlottetown—Georgetown.....	3:15	46	1:35	36
Charlottetown—Georgetown (Including 9 mile Lake Verde loop 3 days per week.....)	4:28	64	—	—

In 1948, 52,620 railway cars crossed on the carferry to and from Prince Edward Island. The movement of this traffic alone would involve the make-up and despatching of over 2,600 freight trains. Add to this the local traffic and considering the terrific handicaps under which the Prince Edward Island Division is labouring, it must be admitted that operationally an excellent job has been performed.

The fact remains that the limit has been reached under present conditions. Our agricultural produce must be moved during certain seasons when markets are available and the demand exists. Unless the railway and ferry services are adequate to handle the freight, hundreds of thousands of dollars will be lost to our agricultural producers.

Severe winter storms can cause tie-ups in freight movements which would further aggravate the whole provincial economy.

The inability to move freight expeditiously and opportunely, with regard to market conditions, provides the greatest barrier to increased production and the development of the economic future of this Province.

The railway conditions must be bettered and the bottleneck at the port of entry can be eliminated only by the provision of an additional carferry.

B. Carferry, Borden—Tormentine.

The M.V. "Abegweit", an icebreaker, equipped for the handling of freight, passengers, automobiles and trucks, operates between Borden and Tormentine, a distance of 9 miles, and forms our sole connecting rail link with the railway system of Canada. It is capable of transporting 69 passenger automobiles and 19 freight cars per crossing. The freight cars are carried in the hold and the automobiles on part of the upper deck. Heavy trucks cannot be loaded on the upper deck but may displace freight cars in the hold.

This boat is owned by the Government of Canada, but its management and operation are entrusted to the Canadian National Railway Company.

The S.S. "Prince Edward Island" an old carferry built when this service was originally inaugurated in 1917, is used as a stand-in when the M. V. "Abegweit" is in dry dock from six weeks to two months each year, and as an extra

boat during the congested traffic of Old Home Week in August. Except for an occasional freight crossing, and when not itself in dry dock, the S. S. "Prince Edward Island" remains tied up to the piers at Borden. This ship accommodated 44 passenger automobiles and 10 railway cars.

A breakdown of either ship during the dry-docking periods would leave the province without any rail or freight connection with the rest of Canada.

A tie-up of the "Abegweit" during the winter months would leave the whole link dependent on the uncertain prop of the other 33-year old ship with its aged and worn machinery.

Thus, substantially, Prince Edward Island is forced to depend on one ferry to maintain its existence, for the export of its products and the importation of its vital necessities.

The Duncan Commission in 1926, at pages 27—28 of its Report, made the following finding and recommendation:

"(b) **Prince Edward Island Car Ferry.** The terms and conditions upon which Prince Edward Island was admitted into Confederation in 1873 contained the following provisions:—

"Efficient steam service for the conveyance of mails and passengers to be established and maintained between the island and the mainland of the Dominion, winter and summer, thus placing the island in continuous communication with the Intercolonial Railway and the railway system of the Dominion."

"The present car ferry affords a much improved service as compared with that which the island formerly enjoyed, but in recent years traffic and freight have considerably increased, and will continue to increase, particularly at certain seasons of the year. When the present ferry steamer was constructed, it was not contemplated that there would be motor car traffic to be taken care of, and the arrangements at the piers are, from the point of view of this traffic, very unsatisfactory. There have been many complaints by visitors and tourists. During the winter there are frequent calls made upon the present ferry steamer, by reason of other craft getting into difficulties and the steamer requiring to proceed to their aid; and at times when the ferry steamer is undergoing overhaul, the boat taking its place is unsuited for the purpose. Altogether the ferry boat service is unsatisfactory. The railway administration admitted that there was need for supplemental provision being made in the form either of a second ferry boat or a special freight boat. We recommend that the matter be gone into from the point of view of placing at the disposal of the island such satisfactory means of communication as will ensure as regular and complete a service as can reasonably be made. We further recommend that, so far as the ferry boat service is concerned, it should not be run as part of the railway operations, but should be run by the railway administration under separate account for the department. We feel that, by reason of its association with railway accounts, this service does not get the attention it should receive."

The growth in traffic over the ferry is strikingly illustrated by the following figures:—In 1925, the year prior to the Duncan Commission Report, 21,592 railway cars, (freight, passenger, baggage, and express) were carried over the ferry:—In 1948 the number of railway cars so carried was 52,620.

The following table shows the growth of this traffic from the inception of the carferry service in 1917:

BORDEN—TORMENTINE CARFERRY ONE WAY TRIPS

	Number of One Way Trips	Total R. R. Freight, Passenger & Baggage Cars
1917 December Only	50	No figures
1918 All Year	1011	" "
1919 " "	1444	" "
1920 " "	1638	" "
1921 " "	1506	15702
1922 " "	1642	17318
1923 " "	1543	16670
1924 " "	1584	16802
1925 " "	2050	21592
1926 " "	2484	No figures
1927 " "	3163	" "
1928 " "	3661	" "
1929 " "	3465	35750
1935 " "	1884	24657
1942 " "	3898	No figures
1943 " "	4255	41705
1944 " "	4469	42282
1945 " "	4461	43344
1946 " "	4998	48462
1947 " "	4523	49312
1948 " "	3665	52620

The Duff Commission Report states, at page 76;

"The promise of railway construction formed an integral part, not only of the arrangement of 1867 but also of the terms on which Prince Edward Island and British Columbia later entered the Dominion.

"In relation to Prince Edward Island, no more need be said than that the adoption by the Dominion Government of the railway debt and the **guarantee of a year round ferry service** were two of the reasons that brought the Island into the federation in 1873."

In the terms of Union contained in the Order-in-Council of June 26, 1873, admitting Prince Edward Island into Confederation, the following was specific:

"That the Dominion Government shall assume and defray all the charges for the following services viz:—

"Efficient steam service for the conveyance of mails and passengers to be established and maintained between the Island and the mainland of the Dominion, Winter and Summer, thus placing the Island in **continuous communication** with the Intercolonial Railway and the railway system of the Dominion."

As has been shown, the traffic has so increased that one boat is no longer sufficient to handle the freight and passengers. The danger of the present ferry becoming disabled is always present and the old ferry presents, as a substitute,

no safeguard against a complete breakdown of traffic and its resulting disastrous isolation.

A second ferry is imperative.

C. Air Transportation.

Air Transportation is furnished for Prince Edward Island by Maritime Central Airways Limited. This Company operates scheduled runs for passengers and mails to Maritime Province points and to the Magdalene Islands; connecting with Trans-Canada Airways at Moncton, N.B.

Air freight is carried to a limited extent, consisting mainly of fruit and lobsters to American and Newfoundland points.

In aid of passenger traffic to the mainland during tie-ups on the ferry due to ice conditions or possible breakdowns, they perform an essential service. In 1944, the car ferry broke down and for one week Prince Edward Island was completely isolated. By cooperation with the Air Force, a freight service by air was inaugurated from Moncton to Summerside. This carried hospital, express, and essential food supplies and a serious emergency was averted. It is suggested that every reasonable facility be provided to Maritime Central Airways to maintain services and equipment so that, being on the spot, they would be in a position to handle any such emergency.

A statement of the present equipment and of the services rendered by this company for 1948, together with their schedule of rates as of April 6, 1949, is outlined below:—

Maritime Central Airways Limited Traffic Data, 1948

Straight miles flown	681,522
Passengers carried	28,290
Mail flown in pounds	490,399
Express and freight in pounds	1,497,554

Passenger territory covered on regular schedules:—

Charlottetown, Summerside, Moncton, St. John, Fredericton, New Glasgow, Sydney, Halifax, Magdalene Islands.

Data re. Freight charter trips

LIVE LOBSTERS:—Charter air freight trips Dec. 1947 to Dec. 1948	125 trips
From Yarmouth to Boston and several other eastern U.S. points—trips	105
From Madgalene Islands to Moncton, Blissfield, Pennfield Ridge	19
From Gander to Rockland, Me.,	1
TOTAL air freight trips with Lobsters	125 125

average trip 8000 lbs.

STRAWBERRIES:—Charter air freight trips		22
From Charlottetown to Boston —Trips	17	
From Charlottetown to New York —	1	
From Charlottetown to Halifax —	1	
From Charlottetown to Sydney —	1	
From Moncton to New York —	2	
	<hr/>	<hr/>
TOTAL air freight trips with Strawberries—	22	22
Average net weight of load per trip 7,800 pounds.		
Total pounds strawberries carried 171,600 pounds.		

Present air freight rates

8000 lbs. to Boston	\$712.80 approximately 9	cts. per lb.
8000 lbs. to Halifax	162.40 approximately 2	cts. per lb.
8000 lbs. to Sydney	210.00 approximately 2½	cts. per lb.

AVERAGE CHARTER RATE IS BASED ON .70 cents per mile of distance flown.
Capacity of Douglas freighters 8000 lbs.

List of Maritime Central Airways Equipment

- 2 Douglas 26 passenger planes.
- 1 Douglas freighter, capacity 8000 lbs.
- 4 Lockheed Electras 10 passenger planes.
- 1 Canso, Amphibian.
- 1 Rapide de Havilland, floats or wheels, 7 passenger.
- 1 Stinson Voyageur, single engine.
- 1 Stinson Flying Station Waggon, single engine.
- 1 Cessna T50, twin engine.
- 1 Anson, twin engine.

D. Trucking and Bus Services.

(i) Trucking Services.

Except for two or three small firms most of the trucking services in the Province are provided by individuals operating single trucks. In the year 1948 the number of truck registrations was 2566, an increase of 1204 over the year 1943.

The services rendered are by chartered trips either intra-provincial or in the transport of agricultural and fish products across the Northumberland Strait or either the carferry or the Wood Islands—Caribou route. In the year 1948, 5624 trucks crossed on the Wood Islands ferries, and during the same period the carferry carried 4240. Most of the freight by truck via Wood Islands went to Pictou, N.S., the industrial towns in the vicinity, to Halifax, and to Sydney.

The method of handling trucks on the carferry and the excessive charges is reflected in the smaller number of vehicles using this route. Submissions had been prepared for presentation to this Commission relating to truck rates on the carferry, which have now been overtaken by a new tariff effective July 1, 1949, which places the rates on a parity with the Wood Islands route of \$2.00 single fare, \$3.00 return fare for the 15 foot smaller trucks and \$3.00 and \$4.50 for larger trucks 18 feet long.

Freight, carried on the trucks using the carferry included like freight to Maritime points, and live lobsters to United States markets.

(ii) Bus Services.

During the spring, summer, and fall months, substantially adequate services for the transfer of passengers have been performed by the various bus transportation companies operating on Prince Edward Island.

A list of these showing the routes covered by their franchise is here set out as furnished by the Prince Edward Island Board of Public Utilities:—

ISLAND MOTOR TRANSPORT LIMITED.

Manager—Ray Stull.

Franchise

- From: Summerside to O'Leary and Elmsdale by Western Road then to Alberton and Tignish;
- From: Charlottetown to Summerside, by way of Hunter River, Kensington and Read's Corner, thence to Borden via Bedeque;
- From: Charlottetown to Borden by way of Bonshaw, Victoria, Crapaud, Tryon, North Tryon, Albany, and Searletown Corner;
- From: Charlottetown to Souris by way of Mount Stewart, Morell, St. Peters and Rollo Bay, thence to North Lake via Red Point and Elmira;
- From: Charlottetown to Montague by way of Route No. 3 to Millview thence by Route No. 4 through Vernon Bridge, Orwell, Eldon, Pinette, Flat River, Wood Island, Wood Island Ferry, Little Sands, Murray Harbour, Murray River, Alliston, Milltown Cross to Montague, with no rights on Route No. 3.

MONTAGUE BUS SERVICE.

Owner—Marvyn Johnston.

Franchise

- From: Charlottetown to Murray River by way of Route No. 3 through Southport, Alexandra, Pownal, Cherry Valley, Millview, Vernon River, Alberry Plains, Summerville, New Perth to Montague; then to Lower Montague, Sturgeon, Gasperaux, Murray Harbour North, Cambridge, Peter's Road, Alliston, Glenwilliam to Murray River.
- From: Montague to Georgetown by way of Route No. 3 through Poole's Corner, Alley's Mills, and along the Cardigan River Road to Cardigan; thence to Georgetown by way of Route No. 3. With alternative routing privileges from Cardigan to Georgetown, by way of the Cardigan River Road.

DINGWELL BROTHERS.

Owners and operators—George and Lester Dingwell.

Franchise

- From: Charlottetown to Fortune Bridge, by way of Route No. 3 to Poole's Corner, and Beaton's Mills to Cardigan; thence by Route No. 5 through Dundas, Point Poplar, Annandale, Little Pond, Sailor Hope, Bay Fortune to Fortune Bridge; with alternative routing.

From: Route No. 5 via Launching Road through Woodville Mills, Newport, Launching, MacPhersons, St. Georges, Greenhill Road to Primrose and Route No. 5.
With no rights on Route No. 3 and no rights from Poole's Corner to Cardigan, both inclusive.

RUSTICO BUS SERVICE.

Owner—John Gallant.

Franchise

From: North Rustico to Charlottetown by way of Route No. 13 through Rusticoville and New Glasgow to Hunter River, thence by Route 2 to Charlottetown, with no rights on Route No. 2.

CAVENDISH BUS SERVICE.

Owner and Operator—Andrew A. Gallant.

From: Cavendish to Charlottetown by way of direct route through Mayfield and Rusticoville, thence to Rustico, Oyster Bed Bridge and Route No. 7 to Milton and by Route No. 2 to Charlottetown with no rights over Route No. 2 and Route No. 13.

EGMONT BAY BUS SERVICE.

Owner and Operator—Leo Arsenault.

From: Summerside to Victoria West by way of Route No. 1 to the junction of Route No. 11; thence along Route No. 11 through Linkletter, Muddy Creek, Union Corner, Mount Carmel, Cape Egmont, Abram's Village, Egmont Bay, St. Chrysostome and Higgins Road to Victoria West, with no rights on Route No. 1.

ELLERSLIE BUS SERVICE.

Owner and Operator—Tilmon A. Gallant.

From: Summerside to Freeland by way of route No. 1 to St. Eleanors Corner; thence to North St. Eleanors and Lot 16 by Route No. 12A; thence along the Southwest Road to the McLean Road and Route No. 12; across Grand River Bridge through MacDougall, Arlington, Port Hill, Tyne Valley and Ellerslie Corner to Freeland, with no rights on Route No. 1.

TRACADIE BUS SERVICE.

Owner and Operator—Donald Robison.

From: Charlottetown to Donaldston, by way of Saint Peter's Road and Covehead Road to Covehead and Stanhope; thence along Stanhope Road to Grand Tracadie and Corranban Bridge on Millcove Road to Millcove, and along Black River Road to Donaldston.

GEORGETOWN BUS SERVICE.

Owner—M. A. Farmer, K.C.

Franchise

From: Charlottetown to Georgetown by way of Hillsborough Bridge through Southport, Bunbury, Mount Ryan, Johnston's River, Glenfinnan, Webster's Corner, Fort Augustus, Pisquid, thence along the Cardigan Road through Peake's to St.

Theresa, and the Baldwin Road to Route No. 5, thence along Route No. 5 to Cardigan and the Cardigan River Road to Georgetown with alternative routing privileges over Route No. 3 between Cardigan and Georgetown.

The main bus service is performed by Island Motor Transport Limited.

Their present equipment consists of two flexible Clippers, eleven Aero Coaches, and one Ford Local bus. The latter bus is used extensively on the Summerside Airport local run.

Their general passenger trends in addition to mainland traffic are east and west to the large local buying centres of Charlottetown and Summerside.

Connections to and from the Mainland are made via Borden—Tormentine and Wood Islands—Caribou.

There is considerable local travel to such shopping centres as Tignish, Alberton, O'Leary, in the west end of the province, and in the east to Souris, Morell, Mount Stewart, and southeast to Murray River, Murray Harbour and Montague. Tuesday and Friday are market days at Charlottetown when hundreds travel in and out of "town". There is also a very large family traffic in and out of the other larger centres within a short radius.

Train and air connections are frequent; for example, passengers arriving in Charlottetown on train 40 from the Mainland can get to some destinations by bus the same evening. On Sunday nights Railway tickets are honoured on the buses from Sackville, N.B. through to Prince Edward Island points. On Saturday and Sunday nights passengers arriving in Summerside by Maritime Central Airways can get through to Tignish on the 11:00 p.m. bus. Passengers arriving in Summerside at 10:00 a.m. on the train from Tignish are able to make the 12:01 bus from Summerside through to the Mainland. Although they cannot make connection with the C.N.R. west-bound train at Sackville, they can catch the east-bound Ocean Limited there.

Passengers arriving in Charlottetown at 1:15 p.m. via Maritime Central Airways are able to catch the afternoon buses to Murray Harbour, Montague, Souris, Bonshaw, Victoria, Hunter River, Rustico.

Passengers arriving in Charlottetown on train 40 from Sackville around 6:20 p.m. can make the evening bus connection to points east. Passengers arriving in Charlottetown on the morning trains from Souris, Montague, Georgetown, Murray Harbour, in the summer months can catch the Limited Bus run leaving Charlottetown at 11:30 a.m. for the Mainland via Borden, but they cannot connect with the Montreal or Boston trains. It will be seen that in spite of difficulties the buses are able to make some connections with the train and air services.

The number of passengers carried in total by the Island Motor Transport in the year 1948 on Prince Edward Island was 191,778. A breakdown of this

shows that the Tignish run handled 46,788; Souris 44,208 passengers. Last year (1918) the buses operated 404,303 miles on Prince Edward Island. Their operating costs were 32 cents per mile.

Subject to some recommendations which later appear with respect to consolidation and integration of bus and railway schedules within the province, the present bus services are reasonably efficient. The buses are hampered in their inter-provincial operations, however, by a strange anomaly which exists at the carferry terminals at Borden and Tormentine.

Admittedly the Bus Companies operate in competition with the railway, but such competition should surely not be permitted to enure to the province's disadvantage. Some form of cooperation might well be formulated which would be reflected in savings to both the competing services. Nevertheless, it is a fact that each bus using a pier leading to the carferry at Borden or Tormentine, a part of the King's Highway, and a part built under this province's Confederation pact with Canada, must pay to the Canadian National the sum of \$1.50 for each time it uses the pier. We have shown that one of the terms of the Order-in-Council of 1873 admitting Prince Edward Island into the Union with Canada was that the Dominion Government would "assume and defray all the charges for the following services", inter alia "efficient steam service . . . placing the Island in continuous communication." While the carferry is thus a contractual obligation of Canada, the free road to it is closed to buses by a turnstile levy of \$1.50 per bus. Not so far removed from the days of turnpike trusts!

Nor does the lack of cooperation stop there. The Railway does not recognize bus schedules, nor will it permit the carriage of buses on the carferry save on very occasional and exceptional circumstances. The bus must discharge its passengers at the carferry, on one side of the Strait, while another bus picks them up after the nine mile crossing has been made. Regardless of weather conditions, bus passengers must walk on board the ferry via the automobile ramp, bag and baggage, a distance of about one hundred yards, and down again after the crossing, all this under our "efficient and continuous communication" Confederation pact. Yet a provision for carriage of a bus complete with passengers across the Strait on the carferry, if made by the railway, would displace only one freight car.

We have no Sunday trains on Prince Edward Island, while there is a daily bus connection. Furthermore, a bus or air connection from Moncton or Sackville is the only method of reaching this Province in 24 hours from Boston or Montreal, except for some two months of each year. A cooperative system should be worked out between the railway and bus services which would readily overcome many of our transportation difficulties in this regard.

E. Coastal Shipping.

Sailing and diesel engine vessels make unscheduled trips, spring and fall, from Newfoundland and St. Pierre to the eastern coast of Prince Edward Island. Regular steamer runs from Charlottetown to St. John's, Newfoundland, one of

which is subsidized by the Dominion Government, cross once every two weeks during the summer and fall.

The Prince Edward Island Industrial Corporation has recently inaugurated a new steamer service from Charlottetown to Port-aux-Basques and other south coast Newfoundland points. The M.V. "Eskimo", the only boat presently owned by it, made its initial crossing on June 10th, 1949. Cargo carried included meats, vegetables, butter, eggs and milk, and other agricultural products.

With additional facilities, this traffic might be greatly increased since the entry of Newfoundland into Confederation. This might well be an essential feature of economic development for both provinces and in amelioration of their transportation difficulties, the development of markets, and the creation of a source of supply for vital needs.

F. Other Ferries.

One other Spring to Fall ferry service is operated by a private company, for the transportation of automobiles and trucks making a seasonal connection between the eastern part of Prince Edward Island and the Province of Nova Scotia. The Island terminus is at Wood Islands and the Nova Scotia terminus at Caribou near Pictou.

Two boats ply on this route; "The Prince Nova", with accommodation for 14 automobiles, and the "Charles A. Dunning", with accommodation for 34. Trucks carried reduce the passenger car capacity by from 2 to 3 per truck.

The service is interrupted by storms and heavy winds. Neither of the boats is an icebreaker, nor do they provide any winter connection with the mainland.

Traffic figures furnished by the Company are set out below:

	Passengers	Automobiles		
1941	25303	6527	Including	629 Trucks
1942	34933	4641	"	1601 "
1943	39457	6486	"	1281 "
1944	44460	7236	"	1458 "
1945	46005	8352	"	1877 "
1946	53706	12825	"	3082 "
1947	54785	15741	"	3713 "
1948	64660	20428	"	5624 "
8 year totals—	363309 persons	82236 vehicles		

Service started in 1941. In 8 years, it carried 363,309 persons and 82,236 vehicles.

The figures reveal a steady growth of traffic since the inception of the service in 1941, and the service is not adequate to carry all the traffic which offers.

Data for similar years on the Borden—Tormentine route as set out below indicate that the Wood Islands—Caribou service has been supplemental rather than alternative.

BORDEN—TORMENTINE ROUTE for same period:

	Passengers	Automobiles
1941	157,316	25,093
1942	126,712	9,446 gas rationing
1943	149,849	10,027 gas rationing
1944	173,662	12,052 gas rationing
1945	177,737	18,213
1946	175,000 est.	27,862
1947	175,642	37,767
1948	185,240	45,698

G. Trans-Canada Highway.

At present, there are 222 miles of paved highway in Prince Edward Island. In 1948 passenger cars registered totalled 8280; trucks 2566; while the Island Motor Transport operated 14 buses over scheduled routes in the province. The paved section of the highways consist of gravel base with asphalt top. Due to frost, the roads have a tendency to break up in the Spring and the life of the road is estimated at 15 years.

The remainder of our 3600 miles of roads consist of 890 miles of gravel roads; 1205 miles of improved earth roads, and 1283 miles of other dirt roads. With the increasing tourist traffic it is essential that new and improved roads should be built preferably of concrete. Federal assistance should be available to coordinate this essential feature of transportation, and provide a link with the Trans-Canada Highway.

3. THE GEOGRAPHIC RELATION OF PRINCE EDWARD ISLAND TO CANADA

Our Geographic and Economic Situation

Sir Wilfred Laurier, as reported in Hansard 1912 at page 5859, said:—

“P. E. I. has not profited by Confederation. For some years past, it has been largely losing its population, by reason of its connection with Canada, and going backwards instead of forward. Its trade has been diverted from its natural channel, or a channel of trade which had been created,—and in the process of many years the trade of the Island has suffered.”

Prince Edward Island, the smallest Province of the Dominion, lies at the south of the Gulf of St. Lawrence and is separated from the mainland by Northumberland Strait. It is 140 miles in length and varies from 4 to 30 miles in width, covering an area of 2,184 square miles, some 200 more than the State of Delaware. Its rich red soil and red sandstone formation make up a distinctive and even topography, no point on the Island attaining a greater altitude than 311 feet above sea level. A climate tempered by the surrounding waters of the Gulf yet free from Atlantic storms, combined with numerous rivers, sheltered harbours and fertile soil offers great inducements to the primary industries of Agriculture and Fishing.

The Island is trisected by the deep indentations of Malpeque Bay, north of Summerside, and by the Hillsborough River at Charlottetown which almost meets Tracadie Bay on the North side. It lies off the east coast of New Brunswick and north of Nova Scotia, the Strait being from 9 to 25 miles in width. The nearest point of connection with the mainland is from Borden to Cape Tormentine in New Brunswick, which are the terminal points of the railway ferry.

The population according to the 1941 Census is 95,047 with 74.39% rural and 25.61% urban, or 70,707 rural and 24,340 urban. Of its rural population, 51,067 represents the total farm population. It might be noted here that while the total rural population increased from 67,653 in 1931 to 70,707 in 1941, the farm population decreased from 55,478 in 1931 to 51,067 in 1941. In 1941, the number of occupied farms was 12,230 with a total acreage of 1,168,868 and average size of 95.6 acres, of which 737,400 represented improved acreage of 60.3 acres average per farm.

A statistical table of population, number and area of farms and acreage under crops for the Census years 1881-1941 as contained in the 1948 D. B. S. “The Maritime Provinces in their relation to the National Economy of Canada”, page 44, is here set forth:—

POPULATION, NUMBER AND AREA OF FARMS, AND ACREAGE UNDER CROPS,

MARITIME PROVINCES AND CANADA, CENSUS YEARS 1881—1941.

	1881	1891	1901	1911	1921	1931	1941
Prince Edward Island							
Population, total.....	108,891	109,078	103,259	93,728	88,615	88,038	95,041
urban.....	13,198	14,255	14,955	14,970	19,093	20,385	24,340
rural.....	95,693	94,823	88,304	78,758	69,522	67,653	70,700
No. employed in agriculture.....	20,528	21,840	21,274	19,714	18,516	18,353	16,661
No. of occupied farms.....	13,629	14,549	13,748	14,113	13,701	12,865	12,230
Area of occupied farms.....	1,126,653	1,214,248	1,194,508	1,202,354	1,216,483	1,191,202	1,168,868
Average area per farm . . . ac.....	82.7	83.5	86.9	85.2	88.8	92.6	95.6
Area improved . . . ac.....	596,731	718,092	726,285	769,140	767,319	765,772	737,400
Average area improved per farm ac.	43.8	49.4	52.8	54.5	56.0	59.5	60.3
Area under field crops ac.....	467,211	409,940	447,737	484,274	458,644	494,692	470,004

Our two main industries are farming and fishing, and our economy depends on these two sources of income. According to 1941 Census figures, D. B. S., page 122, the total gainfully employed in Prince Edward Island, male and female, was 26,088. Of these, 16,672 were engaged in Agriculture, 1,559 in Fishing.

Other occupation statistics show Manufacturing 1,633; construction 1,208; Transportation 1,176; Trade 2,458; Services, Professional, Business, and Personal 5,102.

In 1945, the value of our gross production was \$36,432,000; of this, Agriculture represented \$18,934,000 and Fisheries \$5,876,000; combined \$24,810,000 or 68.4%.

In 1942, total was \$24,939,000, Agriculture \$13,860,000, Fisheries \$2,489,000; combined 16,349,000 or 65.5%.

Using 1939 as a pre-war year, the figures are: total \$15,877,000, Agriculture, \$8,063,000, Fisheries, \$1,337,000; combined \$9,400,000 or approximately 60%.

Complete figures for the years 1938-47 issued by the Dominion Bureau of Statistics are shown on the opposite page.

GROSS VALUE OF AGRICULTURAL PRODUCTION, BY PROVINCES, 1938 to 1947
(thousand dollars)

Province	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947
P. E. Island.....	7,720	8,549	9,017	9,589	13,944	17,396	16,906	19,067	19,876	21,547
Nova Scotia.....	24,628	20,949	20,599	23,272	29,109	36,133	37,516	35,513	44,630	42,500
New Brunswick.....	18,693	20,276	22,292	24,188	33,689	41,865	42,733	43,279	47,514	50,848
Quebec.....	122,876	134,876	150,038	177,593	219,538	264,725	290,320	278,016	322,660	344,377
Ontario.....	247,227	247,294	259,549	305,024	422,145	418,714	477,553	502,831	548,598	601,106
Manitoba.....	74,240	74,562	83,007	94,323	152,127	162,165	171,149	142,268	175,989	196,358
Saskatchewan.....	128,191	206,169	201,202	155,570	417,136	313,711	504,953	336,753	383,373	440,610
Alberta.....	159,477	147,074	172,485	139,648	296,750	224,179	300,892	239,427	311,953	354,895
British Columbia...	36,226	34,658	35,697	44,673	51,091	66,744	76,625	82,167	95,240	99,350
Canada.....	819,278	894,407	953,886	973,880	1,635,529	1,545,652	1,918,647	1,679,321	1,949,833	2,151,791

Agricultural Division
Dominion Bureau of Statistics
O T T A W A

The marked increase was perhaps due to war prices, but it is emphasized that over two-thirds of our income is derived from the two primary industries.

(1) AGRICULTURAL INDUSTRY.

Agricultural income is derived mainly from the production of high quality potatoes for export, seed and table stock, dairying, livestock production of dairy cattle, hogs, and poultry. Field crops are nonproductive of cash income as we must supplement our grain crops by the importation of western grain for feed. Our surplus for export is derived from potatoes and turnips, and some hay.

In 1917, the cash income from sale of farm products totalled \$18,978,000. Of this, potatoes and turnips represented approximately \$5,000,000; Livestock, (cattle, hogs, and poultry) \$7,500,000; dairy products \$2,575,000; eggs \$1,750,000. (Table 6, page 47, D. B. S.)

All these products must be exported as we have no large urban centres.

(a) The Potato Industry.

The principal income from Agriculture is derived from the export of high quality seed potatoes. Prince Edward Island Seed Potatoes for planting in other parts of Canada and in many States of the United States are needed to produce food supplies for the common, every-day man and his family. There are two basic reasons: (1) that in warmer climates potatoes "run out" and if local-grown potatoes are replanted over several years the yield goes down drastically. (2) Prince Edward Island potatoes are practically free of bacterial ring-rot and Nematode diseases which are found in a great many other places. Both the Dominion and Provincial Governments are bending every effort to maintain this freedom from disease and large sums are expended annually by both Governments. This creates the demand for our healthy disease-free seed, and, because we are an Island, certain controllable factors can be put into effect here. As an example, the Provincial Government of Prince Edward Island in 1947 passed an Act whereby only Foundation "A" Certified Seed potatoes can be planted commercially on Prince Edward Island. Only potatoes from inspected fields may be sold and shipped from Prince Edward Island. The Prince Edward Island potato industry brings into Canada many badly needed United States dollars. It must be borne in mind that the increased traffic in Prince Edward Island potatoes adds revenue to the railways, particularly the Canadian National Railways.

In a statement issued July 23, 1948, by the Division of Plant Protection, Seed Potato Certification Branch of the Dominion Department of Agriculture, showing the acreages of potatoes in Canada entered for inspection in 1948, the figure for all Canada was 69,969 acres, while the acreage for Prince Edward Island was 38,754 or over 55% of the total. This statement is set forth opposite.

DIVISION OF PLANT PROTECTION
SEED POTATO CERTIFICATION

Acreage Entered for Inspection—by Varieties, 1948

Variety	P. E. I.	N. S.	N. B.	Que.	Ont.	Man.	Sask.	Alta.	B. C.	Total
Katahdin.....	4,747	643.7	15,320	11	1,488	36.15		1	43	22,289.85
Green Mountain.....	13,320	120	2463	2,482	64.25	26.4		1.7	180	18,657.35
Irish Cobbler.....	12,119	261.5	512	189	332	218.4	7	63.2	2.3	13,704.40
Sebago.....	8,281	118.8	439	20	76	1.5				8,936.3
Netted Gem.....	2		9	1.2	1	55.4	64	701.35	1,753.7	2,387.65
Bliss Triumph.....	3	123.5	978			71.2	4.5	13.2	1.6	1,195
White Rose.....	15		11			19.15		6.5	677	728.65
Chippewa.....	48	2			432	18.4			14.5	514.9
Warba.....	7	38	6	8	15	41.75	8	9.1	217	349.85
Sequoia.....	196	18.5								214.5
Pontiac.....	15		164			16				195
Columbia Russet.....				.1		61	10	2.75	62	133.1
Early Epicure.....			86						97	99.75
White Bliss.....										86
Early Ohio.....					67	25.75	29	19		73.75
Dooley.....										67
Red Warba.....						29.15				29.15
Great Scott.....									26	26
Canus.....		.3		1.2		13	1.5	4.3	11	20.3
Wee MacGregor.....										11
Early Rose.....		1.6							4.6	6.2
Sir Walter Raleigh.....									6	6
*Garnet Chili.....		4.5								4.5
Others.....	1	8.2	1	.2	16.72	1.3		2.5	2	32.92
Totals.....	38,754	1,340.6	19,989	2,712.7	2,491.97	634.55	124	824.6	3,097.7	69,969.12

Note: "Others" consists of the following varieties: McIntyre, White Chili, Clark's No. 3, Arran Victor, *Home Comfort Mohawk, Up-to-Date, *Arran Consul, Pawnee, *White Blossom Katahdin, *Seedling No. 30, *Waseca, *Chicago, Carter's Early Favorite, Burbank, Gold Coin, and a number of other unnamed seedlings. (*Not licensed for sale in Canada.)

A statement by the above Division of Plant Protection dated April 5th, 1949, showing seed potato inspection figures 1920-1948 is set out below, omitting alternate years to 1944.

Acres Entered for Inspection for Seed Potato Certification
1920—1948 inclusive

Year	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Totals
1920	886	379	1,413	3,869	472	594				7,613
1922	2,367	371	3,135	2,369	560	976	844	628		11,250
1924	9,003	298	6,310	1,351	1,083	190	371	337	296	19,239
1926	9,275	219	2,031	340	826	146	215	152	152	13,714
1928	32,079	645	3,540	1,107	2,043	246	301	100	436	40,497
1930	24,874	510	2,750	3,169	1,786	348	258	174	436	34,305
1932	16,746	676	5,219	1,881	1,995	406	321	227	356	27,827
1934	17,881	692	4,439	2,363	1,975	324	511	261	364	28,810
1936	11,518	875	3,380	1,481	1,584	327	344	220	354	20,083
1938	17,656	1,311	15,054	1,540	1,899	273	258	355	479	38,825
1940	24,114	1,494	16,183	2,041	2,435	194	239	243	1,168	48,111
1942	13,720	935	10,311	1,869	1,627	254	138	263	864	29,981
1944	14,507	630	10,966	1,856	1,753	267	91	320	1,243	31,633
1945	25,475	605	18,340	1,743	2,270	274	68	320	1,555	50,650
1946	36,261	1,273	20,692	2,205	3,036	373	128	709	2,666	67,343
1947	33,776	1,256	16,383	2,381	2,922	648	147	614	2,598	60,725
1948	38,743	1,376	20,748	2,560	2,536	573	122	781	3,122	70,561

This statement calls for several definite remarks. In the year 1920 there were only 886 acres on Prince Edward Island entered for inspection for Seed Potato Certification. In the year 1948 there were 38,743 acres so entered for inspection. The foregoing figures show a remarkably steady growth in production with the exception of the odd year when, due to climatic conditions, the crop was not up to normal production. During the 28 years referred to above, the increase was 37,857 acres. In comparison, we note similar figures for the Province of New Brunswick which were 1413 acres in 1920 and 20,748 in 1948, showing an increase there of 19,335 acres as compared with the Prince Edward Island increase of 37,857 acres. In the Province of Quebec, the 1920 acreage was 3869 and the 1948 acreage 2560. This shows a decrease of 1309 acres entered for Seed Potatoes Certification. In the Province of Ontario, in 1920, there were 472 acres and in 1948—2536 acres, showing an increase of only 2064 acres. The reason for the decrease in Quebec and the small increase in Ontario is due to the fact that a better quality of potatoes is grown in Prince Edward Island and the growers of Quebec and Ontario depend largely on Prince Edward Island potatoes for planting each year. This same condition holds true in many of the southern States and, strange to relate, quite a number of cars of Prince Edward Island Seed Potatoes are sold each year for planting in the potato State of Maine. The potato crop is thus a tremendous factor in the economy of Prince Edward Island, and given a fair chance of being able to reach markets at reasonable transportation costs as the market demands, can remain an excellent business even though the margin of profit per acre is small. In the case of Table Stock potatoes which are not expected to be of the same rigid standards as Seed—but which in many cases really are—freight rates have a most important bearing. Unless these table stock potatoes can reach consuming markets and be sold at competitive prices, then the potato industry will be seriously curtailed and

the production of high class seed so urgently needed in other places will be very detrimentally affected. It should be borne in mind that many potatoes actually qualified as Seed are sold every year as table stock.

The importance of the potato industry in our economy is further illustrated by the fact that in the 1946—47 season, 7519 carloads of potatoes were shipped by rail from Prince Edward Island. Of these, 3155 carloads were certified seed and 4364 carloads were table stock. In 1947-48, 8873 carloads were so shipped from the Province, 3344 of seed and 5529 of table stock. During these years respectively, 865 and 946 carloads of turnips were shipped by rail.

In addition, in 1946-47, 918750 bushels of potatoes (the equivalent of 1225 cars) were shipped by boat, in 1947-48, 805,500 bushels (representing 1074 cars) and in 1948-49, 990,000 bushels (representing 1320 cars) were shipped by boat.

A statement of these facts as compiled from official sources by Mr. B. Graham Rogers, Director of Transportation, Department of Industry and Natural Resources for Prince Edward Island, is here set out:

TABLE STOCK POTATOES

	East Charlottetown			West Summerside			Ch'town—S'side		
	Potatoes	Turnips	Total	Potatoes	Turnips	Total	Potatoes	Turnips	Total
1946-47	828	416	— 1244	1078	nil	1078	2358	449	— 2807
1947-48	1055	458	— 1513	1080	nil	— 1080	3394	488	— 3882

SEED POTATOES

	Inside Zone	Outside Zone
1946-47	1460	1695
1947-48	1454	1890
1947-48 Grand Total Potatoes—8873 Cars		

Bushels by Boat from P. E. I.

1946-47	1225 Cars x 750 Bus. each—918,750
1947-48	1074 Cars x 750 Bus. each—805,500
1948-49	1320 Cars x 750 Bus. each—990,000

In the season 1947-48 shipments of potatoes totalled 116,350 tons distributed as follows:—

To Canadian Points	—88,900
To United States points	—17,800
To Newfoundland points	— 7,200
By truck to mainland points—	2,450

To further illustrate the export movement, the table below shows such shipments on a bushel basis:—

SEED POTATOES

U. S. A.	1,800,000 bus.	Newfoundland	12,293 bus.
other points in Canada	1,163,000 bus.	Uruguay	7,904 bus.
Cuba	182,221 bus.	Dominica Rep.	6,048 bus.
Palestine	33,081 bus.	Venezuela	2,187 bus.
Jamaica	29,787 bus.	Brazil	750 bus.
Argentina	23,563 bus.	South Africa	740 bus.

TABLESTOCK

U. S. A.	785,000 bus.
Newfoundland	270,000 bus.
Br. West Indies	87,500 bus.
other parts of Canada	2,000,000 bus.

It is seen from above that a large part of Prince Edwards Island's seed potatoes are actually shipped to other parts of Canada, mainly Ontario and Quebec, with a consequent high freight charge.

(b) Livestock and other Agricultural Production.

(i) Livestock

The figures already given D.B.S., page 47, show that the cash income from the sale of farm products in 1947 included from livestock \$7,506,000.

This is made up as follows:—

Cattle and calves	\$2,937,000
Sheep and lambs	180,000
Hogs	3,557,000
Poultry	679,000
Other	153,000
Total	\$7,506,000

The markets for these products are indicated in a statement dated February 15, 1949, furnished by Mr. R. M. Scott, Chief, Market Information, Department of Agriculture, Ottawa:—

Shipped to Can. Packing Plants outside P. E. I. for Slaughter

	Cattle	Calves	Hogs
1948	3,216	3,072	30,217
1947	1,975	5,169	22,184

Similar figures for 1946 are not available.

Exported (largely to U. S. and Newfoundland).

	Cattle	Calves	Hogs
1948	4,212	1,040	4,739
1947	5,829	1,209	6,545

(ii) Dairy Products

Cash income from Dairy Products for 1947 was \$2,573,000.

In 1948, cash income from butter was \$2,860,000; from cheese \$203,000 or a total of \$3,063,000. The amount of butter manufactured was 4,476,379 lbs. and of cheese 706,513.

The tables on the next two pages, prepared by the Provincial Department of Agriculture, give in detail the figures of production by the various cheese and butter factories operating in the Province.

The market is about two-fifths local—the balance exported to the Maritime Provinces and Newfoundland.

1948
CREAMERY BUTTER PRODUCTION
and
REPORT OF EACH CREAMERY

Name of Creamery	Lbs. Cream	Lbs. b-f received	Lbs. butter made	Average Test Cream	Average Price Butter	Gross Value	Net Value	Net Value per Lb. fat	No Patrons supplying Cream
Central Creameries.....	4,251,811	1,289,149.10	1,608,858	30.32	68.24	1,097,890.85	1,029,514.39	79.86	2,891
Crapaud.....	791,097	226,401.01	279,830	28.60	69.19	193,640.52	182,366.01	80.55	410
Dunk River.....	896,841	267,061.20	332,906	29.80	69.90	224,079.82	211,995.31	79.40	266
Federal Dairy Assn.....	92,130	29,580.30	35,815	32.10	67.50	24,171.20	21,768.13	73.59	86
Hazelbrook Creamery.....	419,968	126,164.81	157,650	30.04	70.16	110,627.34	100,864.60	79.94	361
Ideal Dairy.....	242,253	70,723.00	84,867	29.20	69.50	58,982.92	55,334.97	78.24	102
Kensington Creamery.....	1,181,357	336,627.10	421,319	28.50	68.75	289,580.97	267,953.49	79.62	540
Morell.....	557,015	165,527.50	206,058	29.70	70.70	145,808.98	131,354.42	79.35	421
New Glasgow.....	1,017,027	299,484.57	374,595	29.40	69.05	258,667.04	242,033.69	80.82	407
New Perth.....	96,362	27,945.00	34,932	29.00	68.40	23,893.43	21,448.19	77.10	98
Wiltshire Dairy Assn.....	767,067	237,955.94	298,950	31.00	69.65	208,244.80	190,024.63	79.85	362
Pure Milk Company.....	293,450	88,405.00	109,052	30.10	69.00	75,245.88	69,839.95	79.00	150
Tryon Creamery.....	487,348	137,026.38	170,490	28.10	69.50	118,488.06	109,031.23	79.59	251
Swift Canadian Co.....	976,909	292,038.00	361,057	29.88	68.79	248,407.00	226,780.00	77.86	692
Totals & Averages—1948.....	12,070,655	3,594,088.91	4,476,379	29.77	68.75	3,077,728.81	2,860,309.01	79.58	7,037
Totals & Averages—1947.....	9,847,309	2,927,581.02	3,650,135	29.62	54.13	1,975,825.18	1,808,902.62	61.78	6,535

1948 ANNUAL REPORT OF EACH CHEESE FACTORY

Name of Plant	Total Lbs. Milk	Total Lbs. Cheese made	Average price per lb. cheese	Gross Value	Net Value	Average % fat in milk	Total lbs. fat in milk	Average Lbs. milk 1 lb. cheese	Aver. net value per 100 lbs.	Aver. net value 1 lb. fat	Highest No. Patrons
East River	1,113,368	104,521	36.30	\$37,941.12	\$30,101.24	3.64	40,601.07	10.65	2.71	74.1	91
Abram's Village	361,930	34,075	35.50	12,082.00	9,051.30	3.50	12,367.00	10.60	2.50	73.9	72
Dundas	1,010,704	92,533	36.33	33,602.00	27,289.00	3.60	36,378.86	10.92	2.70	75.0	83
Pure Milk Co.	703,333	67,634	35.50	24,010.07	20,537.32	3.60	25,320.00	10.39	2.92	80.0 surplus milk	
Kinkora	1,040,449	103,035	36.00	37,312.42	29,715.83	3.56	37,012.80	10.09	2.86	80.2	76
Tyne Valley	965,201	90,218	35.25	31,850.66	26,286.00	3.51	33,917.55	10.69	2.72	77.5	70
Tignish	723,270	69,934	36.74	25,694.90	19,482.34	3.64	26,341.00	10.34	2.70	74.0	90
Dunstaffnage	697,781	62,063	36.00	22,342.68	17,584.03	3.60	25,120.11	11.24	2.52	70.0	63
Grand River	905,530	82,500	35.16	29,009.48	23,362.66	3.39	30,770.00	10.97	2.57	75.8	53
Totals	7,521,566	706,513		253,845.33	203,409.77		267,828.39				598
Averages			35.92			3.56		10.64	2.70	75.95	

(iii) Poultry and Eggs.

As to export of poultry and eggs, the following information was furnished under date of February 21, 1949, in relation to the year 1948, by Mr. F. M. Nash, Supervising Poultry Products Inspector of the Federal Department of Agriculture:—

Export of Poultry and Eggs—1948—Prince Edward Island

EGGS: There were 130 carloads or 82947 cases (30 doz. to case) exported. These were Government inspected and there were probably another 18000 cases shipped without inspection.

DRESSED POULTRY: 406,476 lbs.—minimum carload 22,000 lbs.

CANNED POULTRY: 226,682 lbs. poultry meat was canned and it is presumed this was exported from the Province.

LIVE POULTRY: Two carloads approximately 25,000 lbs. were moved by rail and, in addition, it is estimated that 450,000 lbs. of live poultry moved by truck to U. S. A. The poultry moved via CNR Borden ferry. If the United States market had not been favourable, this poultry would have been packed locally and probably moved for export by rail.

CHICK SALES P. E. I.: 486,000

CHICKS IMPORTED 100,000

ANNUAL EGG PRODUCTION: 4,000,000 dozens (estimated).

The markets for the above produce are mainly Montreal, Toronto, St. John, Halifax, and U. S. A.

(2) THE FISHING INDUSTRY.

The importance of this Industry has already been indicated. In 1946 the total value of fish and fish products of Prince Edward Island reached a new high of 4½ millions, an increase of 45% over the 1945 figures. The increase was caused by larger quantities caught and by higher prices. Lobsters, the mainstay of the fisheries of the Island, accounted for 64% of the total landings. Our trade is wholly export. (D.B.S. page 57.)

The following figures prepared by the Dominion Department of Fisheries, Supervisor's Branch, Charlottetown, shows the quantity of fish marketed for the year 1948, and indicates that its marketed value was \$2,958,429.00:

QUANTITY FISH CAUGHT AND MARKETED P. E. I., 1948

Kind of Fish	Unit of Measure	Quantity	Conversion Factor	Quantity Fresh Cwt.	Marketed value \$	Landed Value \$
Cod, landed	cwt.	61,862				163,550
Shipped out	cwt.	183				
for disposal		61,679				
Livers, landed	cwt.	2,157				4,314
Marketed:						
Fresh	cwt.	5,863		5,863	32,693	
Canned	cases	9,389	1.35	12,675	70,851	
Wet Salted	cwt.	21,439	1.95	41,806	194,861	
Boneless	cwt.	55	4.	220	8,283	
Boneless	cwt.	256	3.6	922		
Dried, semi	cwt.	64	3.	192	744	
Roe, canned	cases	6			47	
Skins	cwt.	54			112	
Bones	cwt.	9			3	
Livers, fresh	cwt.	1,197			4,479	
Oil, steam refined crude	gals.	2,966			5,781	
Oil, sun rotted	gals.	492			393	
				61,678	318,247	
Haddock, landed	cwt.	1,191				3,516
Marketed:						
Fresh	cwt.	359		359	2,752	
Frozen	cwt.	80		80	480	
Frozen, filleted	cwt.	110	2.65	292	2,534	
Canned	cases	341	1.35	460	2,761	
				1,191	8,527	
Hake, landed	cwt.	46,608				104,085
Hake livers, landed	cwt.	1,831				3,662
Marketed:						
Fresh	cwt.	269		269	823	
Canned	cases	21,201 $\frac{1}{2}$	1.35	28,622	174,380	
Wet Salted	cwt.	8,967	1.95	17,486	65,520	
Dried	cwt.	77	3.	231	847	
Livers, fresh	cwt.	1,478			5,879	
Oil, steam refined crude	gals.	1,084			1,517	
Sounds	cwt.	94			940	
				46,608	249,906	
Winter Flounder, landed	cwt.	802				1,235
Marketed:						
Fresh, whole	cwt.	462	462		974	
Frozen, whole	cwt.	340		340	1,020	
				802	1,994	
Herring, landed	cwt.	60,027				112,355
Marketed:						
Fresh	cwt.	273		273	910	
Canned	cases	10,091	.9	9,082	50,016	
Canned, Roe	cases	70			280	
Scotch cured	cwt.	1,869	1.5	2,804	9,345	
Pickled, lean	bbbs.	301	3.5	1,054	3,612	
Pickled, fat	bbbs.	296	3.	888	3,552	
Bait	cwt.	45,925		45,925	93,667	
				60,026	161,382	
Mackerel, landed	cwt.	16,717				62,587
Marketed:						
Fresh	cwt.	1,954		1,954	14,448	
Canned, spring	cases	9,628	.8	7,702	73,082	
Canned, fall	cases	77	.7	54		
Canned, roe	cases	55			220	
Pickled, spring	bbbs.	762	3.35	2,553	11,086	

Kind of Fish	Unit of Measure	Quantity	Conversion Factor	Quantity Fresh Cwt.	Marketed Value \$	\$ Value \$
Pickled, summer and fall	bbls.	548	3.	1,644	13,596	
Bait, pickled split	bbls.	41	3.	123	492	
Bait	cwt.	2,687		2,687	8,307	
				16,717	121,231	
Salmon, landed	cwt.	17				595
Marketed:						
Fresh	cwt.	17		17	680	
Alewives, landed	cwt.	4,001				2,030
Marketed:						
Canned	cases	67	.9	60	335	
Canned, Roe	cases	163			815	
Pickled, salted	bbls.	731	2.6	1,901	6,213	
Pickled, headless	cwt.	510	4.	2,040	5,780	
				4,001	13,143	
Smelts, landed	cwt.	11,690				149,628
Shipped in	cwt.	331				
Shipped out	cwt.	12,021				
	cwt.	1,593				
for disposal	cwt.	10,428				
Marketed:						
Fresh	cwt.	3,133		3,133	63,205	
Frozen	cwt.	7,295		7,295	142,458	
				10,428	205,663	
Tomcod, landed	cwt.	722				1,953
Marketed:						
Fresh	cwt.	104		104	624	
Frozen	cwt.	618		618	2,613	
				722	3,237	
Silversides, landed	cwt.	363				363
Marketed:						
Canned	cases	157	.4	63	1,217	
Fresh	cwt.	300		300	466	
				363	1,683	
Eels, landed	cwt.	695				6,519
Marketed:						
Fresh	cwt.	478		478	5,590	
Frozen	cwt.	217		217	3,141	
				695	8,731	
Lobsters, landed	cwt.	65,231				1,411,852
Shipped in	cwt.	3,192				
Shipped out	cwt.	68,423				
	cwt.	14,296				
For disposal	cwt.	54,127				
Marketed:						
Shell	cwt.	4,255		4,255	137,430	
Meat	cwt.	1,693	4.	6,772	187,058	
Canned	cases	21,550	2.	43,100	1,223,198	
Paste	cases	2,009½			31,196	
Tomalley	cases	67½			1,057	
				54,127	1,579,939	
Crabs, landed	cwt.	384				384
Marketed:						
Canned	cases	48	8.	384	1,909	
Clams, Bar, landed	cwt.	274				548

Kind of Fish	Unit of Measure	Quantity	Conversion Factor	Quantity Fresh Cwt.	Marketed Value \$	Landed Value \$
Marketed:						
Canned	cases	114	2.40	274	1,140	
Clams, Soft-Shell, landed	cwt.	4,821				8,548
Marketed:						
Shell	cwt.	1,138		1,138	2,582	
Canned	cases	1,884	1.8	3,391	16,009	
Chowder	cases	406	.72	292	2,639	
				4,821	21,230	
Quahaugs, landed	cwt.	515				742
Marketed:						
Shell	cwt.	40		40	80	
Canned	cases	176	2.7	475	1,434	
				515	1,514	
Oysters, landed	cwt.	30,738				122,455
Shipped out	cwt.	574				
For disposal	cwt.	30,164				
Marketed: (Shell)	bbbs.	13,072	2.	26,144	150,610	
Shucked	cwt.	402	10.	4,020	24,120	
				30,164	174,730	
Scallops, landed	cwt.	167				4,175
Marketed:						
Shelled	gals.	1,667	10.	167	9,185	
Irish Moss, landed	cwt.	29,206				35,961
Marketed:						
Black	cwt.	2,070	5.	10,350	18,090	
Bleached	cwt.	4,639	4.	18,556	555,668	
Bleached	cwt.	60	5.	300	600	
				29,206	74,358	
Totals					\$2,958,429.00	\$2,201,057.00
Cost of Processing and selling includes truckage, cans, cases, operation of factories, labour, etc., etc.,						757,372.00
					\$2,958,429.00	\$2,958,429.00
Market value of Canned Fish 1948.						
Canned Cod		\$ 70,851.00				
" Hake		174,380.00				
" Herring		50,016.00				
" Mackerel		73,082.00				
		\$368329.00				

Most of this canned fish was bought by The Federal Government, in 1948.

MARKETS FOR AGRICULTURAL PRODUCTS

The above outline shows our geographic disadvantage. It reveals the extent to which this Province depends on potato, livestock, and dairy production in its Agricultural economy. It indicates the importance of our fisheries.

Of fundamental concern is the marketing of these products. In dealing with the various items for export, we have indicated that our outlets for sale are: the United States, Quebec, and Ontario and all in highly competitive markets. The result is that the return to the producer is determined by the prevailing price less the cost of transporting them to market. If the cost of transportation is too high, the return is correspondingly reduced.

All our freight traffic is long haul and must enter into competition with short haul traffic near such competitive markets.

Increases in freight rates on other than a dollar basis are definitely discriminatory and where, as in our economy, the margin of profit is small, it may spell disaster to our whole industry.

OUR DEPENDENCE ON IMPORTS

Apart from a few basic agricultural food and fisheries products everything else essential to living, and essential to doing business, is bought by us mainly from other parts of Canada, thus contributing far more to their economic well being by added labour and by use of their natural products, than we are able to sell to them.

No other province in Canada will feel the impact of increased freight rates to the same extent. Our requirements originate at far distant points over long hauls. The bulk of our feeds, reaching into tens of thousands of tons annually, originate in the central and western provinces of Canada. Much of our lumber and furniture comes from the central provinces and as far away as British Columbia: our machinery from Ontario; our protein feeds from central Canada; our fertilizer from central Canada, United States, and elsewhere; our ground limestone mainly from Quebec. As a matter of fact we have no resources within our own province that can supply our requirements from the smallest to the greatest articles that enter into home requirements, farm equipment, and the production requirements of our farmers. Even our Dominion subsidies are in turn spent by us chiefly in the central provinces, where they enter into the development of their manufactured products, and enure to the advantage of central Canadian labour and construction.

On the other hand, our markets are also far away. Potatoes, our main source of revenue, must be shipped to the United States, and to central and western Canadian points. Eggs, poultry, butter, cheese, and livestock must find their sales in outside markets, some going to distant Canadian and United States centres.

Under such conditions the impact of freight rates bears particularly heavily on our economy and, as a result, any application to increase freight rates on materials which must be carried over long distances, to and from this province, is looked upon with the gravest apprehension by our people. It is true that farm receipts have materially expanded during the war years. It is also true, however, that farm costs have greatly increased. Recent developments have indicated that we are on the verge of changing conditions that may bring a serious break in farm receipts.

For fourteen years before 1944 farm prices were below the level of cost of production. The agriculture industry, since 1944, has contended with very high costs, and by no means has it rehabilitated itself to the extent that it had

declined in former years. The replacement of worn out equipment, improvement of farm buildings, re-establishment of assets in soil fertility and otherwise, that were drawn on in the period of depression, has by no means been effected.

To present in graphic form the economic structure of Prince Edward Island in relation to imports and exports and the place which the shipment of Agricultural products occupies in the production of our provincial income, a statement of the railway cars of freight imported and exported from the Island and the percentage which potatoes, turnips, and livestock form of the total exports is indicated below:—

	Cars shipped out	Cars shipped in	Excess Imports	Per cent that potatoes, turnips and livestock formed of total exports
1934	7,691	8,999	1,308	65.0
1935	6,822	8,954	2,132	59.1
1936	6,750	9,417	2,667	60.5
1937	7,110	9,823	2,713	63.7
1938	5,474	9,397	3,922	63.9
1939	6,834	10,552	3,718	71.7
1940	8,834	10,563	1,729	74.6
1941	9,425	11,814	2,389	74.0
1942	10,343	12,057	1,714	72.6
1943	10,017	14,871	4,854	75.7
1944	10,103	15,111	5,008	75.22
1945	11,234	14,949	3,715	76.01
1946	11,316	17,458	6,142	77.80
1947	13,989	16,785	2,796	74.80
1948	12,083	17,846	5,763	78.77

(Data made available through the courtesy of Mr. C. T. Montgomery, Superintendent of the Canadian National Railway, Charlottetown.)

In 1948, we exported 12,083 cars of freight and imported 17,846 with an excess of imports of 5,763 cars. The agricultural products represented 78.77% of our total exports. During all the period the percentages vary little.

The following breakdown of carloads ferried between Borden and Cape Tormentine for the year 1948 particularly shows the extent of our dependence on imports to maintain our economy:

CANADIAN
ATLANTIC REGION

NATIONAL

RAILWAYS
ISLAND DIVISIONSTATEMENT OF CARLOADS FERRIED BETWEEN BORDEN AND
CAPE TORMENTINE, TWELVE MONTH PERIOD,

YEAR 1948

Cape Tormentine to Borden								Borden to Cape Tormentine					
Month	LCL	Coal	Flour & Feed Grain	Meats	Gas & Oil	Misc.	Total	LCL	Live- stock	Pota- toes	Turn- ips	Misc.	Total
Jan.	225	193	131	9	68	359	985	80	58	875	152	127	1,292
Feb.	230	240	205	7	75	480	1,237	78	66	515	103	111	873
Mar.	255	223	266	4	84	807	1,639	66	92	878	96	110	1,242
Apr.	266	119	245	8	97	854	1,589	79	73	1415	55	124	1,746
May	249	129	155	12	160	1021	1,726	73	97	755	25	179	1,129
June	274	141	211	10	158	764	1,558	89	98	211	33	151	582
July	258	171	167	10	144	633	1,283	81	64	6	1	151	303
Aug.	263	183	138	8	151	709	1,452	84	92	12	38	134	360
Sept.	230	229	176	5	184	790	1,614	80	92	33	139	110	454
Oct.	265	285	167	14	153	973	1,857	71	162	539	192	145	1,110
Nov.	253	342	128	22	130	704	1,579	81	126	1329	156	155	1,847
Dec.	252	349	148	8	109	461	1,327	75	82	724	135	129	1,145
Totals	2993	2604	2137	117	1513	8455	17,846	937	1103	7292	1125	1626	12,083
Year 1947	3180	2340	2302	153	1503	7307	16,785	1003	1062	8434	977	2513	13,989

Office of the Superintendent
Canadian National Railways,Total Carloads ferried 1948—29,929
" " " 1947—30,774Charlottetown, P. E. I.
January 12, 1949.

Decrease in 1948— 845

These figures show that 2137 carloads of flour and feed grain were imported during that year. Of these, western grains and feeds essential to our agricultural and dairy production amounted to 951,230 hundred weights or 47,561 tons. In 1947 the figures were 998,660 hundred weights or 49,933 tons.

These grains and feeds are all long haul traffic on the railroads and have come in under the Feed Grains Assistance Act. The original assistance per ton was \$7.90 which since the 21% increase in freight rates has been enlarged to \$10.30 per ton. The dollar value of this assistance to the agricultural producers of this Province in 1948 was \$489,878. It can readily be seen that the withdrawal of this assistance would have disastrous consequences. The total freight including assistance yields material revenues to the railways.

Practically all our fuel,—2604 carloads of coal and 1513 carloads of gas and oil were imported by freight over the carferry from Borden to Tormentine. Without adequate ferry services, light, heat, and power would be shut off; and automobile, bus, and all traffic would be brought to a standstill.

The 2993 carloads of L.C.L. freight represent all the smaller vital necessities of life, including soaps, drugs, clothing, dishes, boots, and shoes, furniture, numerous hardware items, building materials, canned goods and groceries.

The dollar value of agricultural machinery imported is in excess of \$1,200,000; of fertilizers \$2,237,000; of automobiles \$1,000,000; and the total value of all our imports exceeds \$28,000,000.

Practically all of these articles originate in the manufacturing centres of central Canada. They provide a valuable source of revenue to the railroads. The freight is all long haul and is borne by the consumer in this province. The agricultural supplies figure largely in the cost of production. Excessive freight charges increase the burden on the producer, and reduce his net income.

Where the margin of profit is small further increases in freight charges could result in a complete depression of our major industries.

All these imports and exports enter the province through one channel, the Borden—Tormentine ferry route.

This again emphasizes the tremendous burden cast upon one ferry, increases the possibility of break down and brings into startling relief the almost fatal consequences of such an event.

Our markets are all long haul either to the United States or Central Canada—our main source of supply—Central Canada.

The whole economy of the Province depends on adequate transportation facilities, accessibility to markets, and these at reasonable freight or transportation rates.

4. HISTORICAL ASPECT FREIGHT RATES IN RELATION TO PRINCE EDWARD ISLAND.

Transportation and its Relation to Freight Rates.

It is evident that railway transportation is a fundamental factor in the economic future of Prince Edward Island. It is also self-evident that adequate ferry services must be provided to connect the Prince Edward Island Railway with the Railway system on the mainland of Canada over which our import and export trade must be moved.

(a) Before the Maritime Freight Rates Act.

The Duncan Commission in its report at page 20 found:

TRANSPORTATION AND FREIGHT RATES

Maritime Railways.

"For all practical purposes, the rail transportation services of Nova Scotia and Prince Edward Island are controlled by the Canadian National Railways. The other great transcontinental system, the Canadian Pacific Railway, has its Atlantic terminus at Saint John, N. B., and serves the Province of New Brunswick in direct line, and on small branches. The Canadian National Railways also have a main line direct through New Brunswick, and handle the greater portion of the tonnage of the three Maritime Provinces taken together—for example, it is estimated that the system handles between 70 per cent and 80 per cent of the total tonnage of the three provinces. Partly for this reason, and partly also on account of the history of the Intercolonial Railway (which forms the greater part of the Maritimes portion of the Canadian National Railways), evidence submitted to us related almost entirely to the Canadian National Railways system.

History of Intercolonial Railway.

"The construction of the Intercolonial Railway was an obligation placed upon the Dominion Government by section 145 of the British North America Act, 1867, which reads as follows:—

"Inasmuch as the Provinces of Canada, Nova Scotia and New Brunswick have joined in a Declaration that the construction of the Intercolonial Railway is essential to the Consolidation of the Union of British North America, and to the Assent thereto of Nova Scotia and New Brunswick, and have consequently agreed that provision should be made for its immediate construction by the Government of Canada: Therefore, in order to give effect to that Agreement, it shall be the duty of the Government and Parliament of Canada to provide for the commencement within six months after the Union, of a railway connecting the river St. Lawrence with the city of Halifax in Nova Scotia, and for the construction thereof without intermission, and the completion thereof with all practicable speed."

"For many years before Confederation the project of such a railway was actively canvassed both in the Maritime Provinces and in Upper and Lower Canada, not only as an element in the political consolidation of the four provinces but even as a channel of mutual commerce and trading. The Maritime point of view is fairly reflected in the following quotation from the arguments of a Nova Scotian delegation in 1857:—

"An Intercolonial railroad would give the means of communication at present wanting. It would open to Canada an Atlantic seaboard on British soil, from which she is now cut off; and would offer to the Lower provinces a ready access to the vast field of enterprise and progress occupied by their fellow subjects in the interior. It would prove a benefit of incalculable value, should it be the precursor of, as it is an absolute necessity towards, a legislative union of Her Majesty's North American provinces—a measure essential to the full development of the power which their situation and character are calculated to confer, and without which they never can attain the high position to which their united energies and advantages would lead them."

"It is unnecessary to pursue the arguments in detail. From some angles it could, no doubt, be urged that the construction of the railway was as much a concession to the demands of the Maritime Provinces as an inducement held out by the other provinces to make Confederation more attractive to the Maritimes. We think, however, that a balanced study of the events and pronouncements prior to Confederation, and its consummation, confirms the representations submitted to us on behalf of the Maritime Governments in regard to the ultimate construction of the railway, viz:—

"(a) That leading Canadian statesmen in urging the adherence of the Maritime Provinces to Confederation defined the purposes of the railroad to be

(i) A means of affording to Canadian merchandise, and to Canada herself in times of national and imperial need, an outlet and inlet on the Atlantic ocean—available all the year round—and

(ii) To afford to Maritime merchants, traders, and manufacturers, a market of several millions of people instead of their being restricted to the small and scattered populations of the Maritimes themselves, particularly in the light of the disturbance with which their trade was threatened as the result of the discontinuance by the United States of the reciprocal arrangements that had prevailed.

"(b) That strategic considerations determined the actual course of the line—making it many miles (estimated by Sir Sandford Fleming at 250 miles) longer than was necessary—if the only consideration had been "to connect the cities of the Maritime Provinces with those of the St. Lawrence."

"(c) That to the extent that commercial considerations were subordinate to **national, imperial and strategic** consideration, the cost would be borne by the Dominion and not by the traffic that might pass over the line.

Rate Structure of Intercolonial Railway.

"The Intercolonial Railway was completed in 1876, and it would appear from the evidence we have received that from then until 1912 the interests of the Maritime Provinces were fairly well safeguarded, the freight rate structure being such as to take into account the requirements of their traffic. The lower level of rates that prevailed on the Intercolonial Railway system prior to 1912 is, in our view, rightly to be interpreted as the fulfilment by successive governments of the policy and pledges that surrounded the railway from its inception, whatever impressions may have been created by the form of its administration.

"Since 1912, changes have taken place in the framework of the rate structure, and increases have been added to the freight rates. The combined effect of these has been to impose upon the merchandise and industry of the Maritimes, a burden which, it is alleged, is quite out of proportion to the increase which has been added since 1912 to the freight structure in other parts of Canada, although it may, in many cases, only have raised Intercolonial Railway rates to the same level of scale as rates in other places.

"The net result of these changes is broadly shown by the figures given in evidence by the railway administration who, at our request, furnished us with statistics to show the position now as compared with 1912 for the Intercolonial Railway and for the rest of Canada. These figures reveal that Intercolonial rates have suffered an estimated cumulative increase of 92 per cent (i.e., their 100 has become 192). The estimated average increase of rates for the rest of Canada is 55 per cent (i.e., their 100 has become 155).

Effect of changes in Rate Structure on Maritimes.

"The Maritimes case on railway rates was put to us in very considerable detail. The Railway Commission is at the present time dealing with these same details, and we have not formed any opinion on these matters so far as a judgment on their merits would involve consideration of railway administration and policy. On the broader question, however, of the incidence of the existing rates as a whole upon industry and employment in the Maritimes, we have come very definitely to the conclusion that the rate structure as it has been altered since 1912 has placed upon the trade and commerce of the Maritime Provinces, (a) a burden which, as we have read the pronouncements, and obligations undertaken at Confederation, it was never intended it should bear, and (b) a burden which is, in fact, responsible in very considerable measure for depressing abnormally in the Maritimes today business and enterprise which had originated and developed before 1912 on the basis and faith of the rate structure as it then stood.

As a result of their findings, the solution recommended on page 22 is here set out:

"We recommend, therefore, that an immediate reduction of 20 per cent (so that 192 will become approximately 155) be made on all rates charged on traffic which both originates and terminates at stations on the Atlantic Division of the Canadian National Railways (including export and import traffic, by sea, from and to that division), and that the same reduction be also applied to the Atlantic Division proportion of the through rates on all traffic which originates at stations in the Atlantic Division (excluding import traffic by sea), and is destined to points outside the Atlantic Division.

"For this purpose, we cannot regard the Atlantic Division as ending at Riviere du Loup and Monk, which are its present western limits. The divisional points should in our view, be Diamond Junction and Levis, Diamond Junction being the point at which the Transcontinental Railway meets the old Intercolonial Railway, and Levis the point to which, in 1879, the Intercolonial Railway was extended.

"It might be contended that a flat rate reduction of the amount we named, and in the manner we name, is open to the objection, that it does not restore the pre-1912 relativity of rates within the provinces themselves, and that it is not an accurate assessment of the charges that arise from the considerations in mind. We do not believe—and the Canadian National Railways have informed us that they also do not believe—that any more accurate or equitable result could be obtained by minute and scientific investigation, which would, in any event, take an indefinite time to conduct. The situation is one that can only be dealt with in a broad spirit, and one that for the economic welfare of the Maritimes must be met without delay. The course we suggest has the effect of giving immediate relief in a manner that is equitable as well as broad. The cost of this relief should be definitely borne by the Dominion Government, who will make the necessary reimbursement to the Canadian National Railways through the medium of the Canadian National Railways Budget, without impairing the financial results of the operation of the system. We are not overlooking that the other great railroad system operating in the area would be entitled to equitable consideration if they find themselves prejudiced as a result of the reduction proposed."

(b) After the Maritime Freight Rates Act.

As a result, the Maritime Freight Rates Act, 17, George V, Cap. 24, was passed in 1927 implementing the report except in two particulars:

- “(A) Import Traffic by sea consigned to points within the Atlantic Division; and
- “(B) Export Traffic by rail to points outside of Canada.

One of the principal exports of Prince Edward Island is that of Seed Potatoes, and the failure to allow the 20 per cent reduction on international rates affects us to a very considerable extent.

We realize that, in regard to the international rate, some considerable difficulty may be met; yet we submit that the Government should keep this matter under consideration, so that at some time satisfactory arrangements may be made with the American lines, and the Duncan Report fully implemented.

Since the passing of the Maritime Freight Rates, October, 1927, the rates have, with the exception of minor changes, remained fairly constant until March 30, 1948.

At that time, the Board of Transport Commissioners for Canada, upon application of the Railways for increased rates to meet rising railway costs, approved a general horizontal increase in freight rates of twenty-one per cent. With regard to certain specific items such as coal and coke, dollar rather than percentage increases were authorized.

(c) Between Prince Edward Island and the United States.

The interest of Prince Edward Island in the United States market is indicated in the table of traffic shipped to that country. As a consequence the maintenance of low rates to facilitate the movement of the products of this Island to the large markets of the United States is of primary importance.

The international rates between P. E. I. and the principal U. S. markets have been increased materially since March, 1938, but fortunately exceptions in the case of agricultural commodities, including potatoes and turnips authorized by the Interstate Commerce Commission and automatically adopted by the Board of Transport Commissioners on international traffic, have had the effect of maintaining to some degree the competitive position of Prince Edward Island with producers of similar produce. Moreover, water transport—now experiencing its postwar revival—has been of considerable value not only in facilitating the transport of the Island's exports to the United States but also in maintaining competitive rates on potatoes and turnips to some of the principal U. S. markets.

There are, however, some products of Prince Edward Island which move on class rates. Uniform percentage increases in those rates have had the effect of worsening Prince Edward Island's competitive position rate-wise. The revision in international class rates, which was implemented on March 3rd, 1938, resulted in a large number of increases between the Island and eastern United States points, and in addition augmented the number of originating groups.

The increases in international rates since July 1st, 1946, have tended to accentuate previous disparities.

Illustrative of the number of groups are the following fifth class rates from specified Prince Edward Island points to Boston, Mass., prior to July 1st, 1946, and as on January 11, 1949:

	June 30, 1946	January 11, 1949
From Albany, P. E. I.	63	109.2
Alberton, P. E. I.	67	115.5
Ashton, P. E. I.	66	114.5
Charlottetown, P. E. I.	64	110.2
Bunbury, P. E. I.	66	114.5

The class rates in effect from Prince Edward Island points to U. S. destinations are also generally on a higher basis than from Ontario points for corresponding mileages. This is indicated in a comparison of the first class rates from Charlottetown, P. E. I., vis-a-vis Severn, Ont., to Boston, Mass., where in both cases the short-line mileage is 685, whereas the first class rate from Charlottetown is \$2.76 per 100 lbs., compared with \$2.70 from Severn, Ontario.

It is submitted that in respect of international rates, class and commodity, the whole of Prince Edward Island should be incorporated into one zone and the existing rates modified to reflect the rates from Summerside, P. E. I. It is submitted further that the international rate revisions which resulted in the increase in the number of groups in the basic class rates between Prince Edward Island and a large territory in the Eastern U. S. was the converse of the policy which has been strongly advocated respecting Maritime groupings. While it is appreciated that in effecting any revision cognizance must be taken of the U. S. structure, yet it is abundantly clear that in the final analysis the groupings of zoning within the Canadian territory aid the prerogative of the Canadian railroads.

5. THE EXISTING RATE STRUCTURE

- (a) Within the Maritimes.
- (b) Between Prince Edward Island and Central Canada.
- (c) Between Prince Edward Island and Western Canada.

Considerable dissatisfaction has existed for some time over the existing groupings on Prince Edward Island in respect of long haul traffic between points on Prince Edward Island, on one hand, and stations in Canada outside of the Maritimes and in the United States, on the other. In this connection Prince Edward Island generally is divided into two zones, commonly called the Inner Zone (which includes Summerside and Charlottetown as the breaking points) and the Outer Zone (which includes stations west of Summerside and east of Charlottetown). This arrangement in a compact economic area such as Prince Edward Island functions to the detriment of the Outer Zone. While the diff-

erences in rates in some cases are not material, there are times in which these differences may be sufficient to affect production and sales. It is of interest to observe in this connection that mileage-wise both extremities of the Outer Zone, that is, Elmira and Tignish, P. E. I., are shorter than Halifax to stations west of Diamond Junction, Quebec, and Vanceboro, Maine, yet generally speaking the class and commodity rates to those P. E. I. points and others intermediate thereto in the Outer Zone are higher than Halifax, N. S.

It is submitted that at the time a basis for regrouping the Maritimes under the Maritime Freight Rates Act was being considered the whole of Prince Edward Island should have been included in the Saint John and Halifax groups. In a memorandum prepared by the Canadian National Railways, dated June 21st, 1927, THE FOLLOWING statement was made in connection with the reduction in groups for the application of the Maritime Freight Rates Act:

"Another feature of the question is that one of the submissions of the Maritime Provinces in the General Freight Rates Investigations recently closed was that the present system of grouping the Provinces should be overhauled and modified, to the extent of making for the entire three Provinces one blanket rate group using Saint John as the base. While the Maritime case was held in abeyance on account of the passing of 'The Maritime Freight Rates Act' and before the railway had put in any reply, it had been rather generally admitted by the railway that there might be some room for adjustment or modification in the number of rate groups which now total seven, a blanketing of the entire three Provinces on the minimum Saint John group was entirely out of the question."

The memorandum went on to state that a reduction from seven to four groups in the Maritimes would work out generally in compliance with the Maritime Freight Rates Act.

The Province of Prince Edward Island in this Brief does not propose to develop the points above enumerated, but adopts the submissions in relation thereto contained in the Brief filed by the Transportation Commission of the Maritime Board of Trade.

6. THE INCIDENCE OF HORIZONTAL PERCENTAGE

RATE INCREASES AND OTHER RATE CHANGES AND THEIR EFFECT ON PRINCE EDWARD ISLAND

(a) The Effect of Horizontal Increases.

It was strongly urged by the outlying Provinces in the Thirty Percent Case that any horizontal increase in freight rates would result in undue discrimination against areas subject to long haul traffic. The effect of the 21 per cent increase granted by the Board of Transport Commissioners in that case, will be indicated in detail. The relation of freight rates to commodity prices is a factor which should be considered and especially with regard to Prince Edward Island where the effect of horizontal increases will bear its greatest impact.

With regard to the regulation of freight rates the Board of Transport Commissioners in the above case, dealing with the matter of reducing rates to assist industry or to equalize through the prescription of reduced rates, production costs, geographical location, or climatic etc. conditions, a question particularly relevant to that application, stated at Page 54 of its decision:

"In so far as these different considerations are concerned, the Board can give effect to none of them in connection with any rate question. It has been held, time and again, that rate regulating commissions have no right whatever to attempt to equalize geographic, climatic or economic conditions. They are concerned singly and wholly with the question of the reasonableness of the toll which the railway company is seeking to correct for the carriage of a given commodity, irrespective of how it is made or whence it comes."

This Commission is not bound by any such limitations.

(b) As to Incidence of Horizontal Increases.

(i) Potato Industry.

It is submitted that horizontal increases have the effect of discriminating against the primary producers and shippers of Prince Edward Island products.

The following statements from shippers indicate additional cost of freight shipments of Island potatoes, and their bearing on returns to producers:

P.E.I. Potato Shippers Advisory Association December 28, 1948.

"We feel that our growers are penalized by any increase in freight rates in direct ratio to the distance they are from consuming markets, and the greater burden imposed upon them by increase in rates will tend to force them to reduce their acreage, because they can no longer market potatoes and turnips as a profitable investment."

Malpeque Trading Company Limited, January 21, 1949.

"The price paid to the producer, as you probably know, is based on the price being paid at such centres as Montreal and Toronto from which is deducted transportation, bags, commissions, etc., before a price is given to the producer.

"Figuring on the original rate of .38c per 100, plus last years increase of .08c, and anticipated increase of 20%, or .09c per 100, would make anticipated rate .55c per 100 to Toronto or an increase of \$77.01 per car. Add to this increase in reefer and heating charges of \$4.23 and you would have an additional cost over and above last year of \$81.24 per car.

"Putting our shipments at 125 cars would mean that we took \$10,155.00 out of our farmers on account of increased rates, and we are only one dealer of five in this district.

"With the proposed increase of 20% added to existing rates the railway would make .46c per 75 lb. bag for transportation, while the farmer is at present getting .80c for same size bag, finding material, growing, digging, grading, and trucking, which makes the situation, I am sure you will agree, badly out of balance."

Wellington Cooperative Association Limited, December 1, 1948.

"In our business the commodities which have been affected the most by the recent 21% increase are potatoes.

"Last year, we could ship a car of potatoes 600/75s to Toronto at the rate of 39c cwt. which equals \$176.67. This year for the same size car of potatoes 600/75s is costing us at the rate of 47c cwt.—\$212.91 which makes a difference of \$36.24.

"If we were to ship potatoes to Montreal; last year's rate was 31c cwt. this year 38c cwt. On a 600/75s bag car the cost above last year would be \$31.71.

"Now you can figure out for yourself the additional cost on a car of potatoes to Toronto if another 15% is added.

"We feel that the Consumer is paying a higher price for his commodities since freight has to be added to the cost of goods.

"We also feel that the Producer is on the losing end since he has to pay the increase on freight rates."

George H. Brookins, Dealer, Kensington, December 21, 1948.

"In our opinion any increase in freight rates will mean a reduction to the producer insofar as potatoes and turnips, the commodities which we mainly ship, are concerned.

"As you probably are well aware we do not set the price at which P. E. I. potatoes are sold on the Montreal and Toronto markets. The usual procedure is for the broker in these cities to wire offering a price delivered for carload lots. Our next move is then to figure transportation costs, which include of course the freight haul, reefer charges and one other item now to be considered, heat charges. We then estimate a nominal figure as our profit, without which there would be no inducement for our remaining in business, and included in this amount is a portion to cover Inspection Fees, Government levy on all shipments, bank discounting charges, plus labour involved in loading. The resultant figure is the amount then paid to the farmer after deducting the cost of the bag.

"You can easily see therefore, that any increase in freight rates may not be absorbed by the Upper Canadian markets but will of necessity be passed on to the producer.

"The present 21% freight increase in addition to the a/m reductions to the producer also constitutes an increase in the price of fertilizer and spray materials, which we have to import and which are subject to freight increases, which means that the cost of the potatoes as Agricultural commodities, has risen in proportion to the present freight increase and the monies obtained from the sale of this produce has decreased a like amount also due to the present freight increase.

"If a further 15% increase is granted, this then would mean that the fertilizer and spray materials would of necessity cost the farmer more and would also mean, as mentioned above, that he would receive less for his produce.

"We have no hesitation whatsoever in stating that any further increase in freight rates would mean a reduction in the primary producer's income."

Poole & Thompson Limited, Montague, December 21, 1948.

"This increase will of necessity come out of the primary producer on all his farm products as we here on Prince Edward Island do not set prices and have to accept delivered offers from mostly Ontario and Quebec.

"The farmers in Ontario and Quebec will not be affected to any great amount as due to shorter freight haul plus trucking facilities not available to us here they will have an even greater advantage over us than at present as an increase on a long haul rate amounts to much more in actual dollars than an increase on a short haul rate.

"Again all our commodities for growing Potatoes and most other Agricultural Products such as machinery, trucks, tractors, spraying materials, and some fertilizers, come from the Central Provinces of Ontario and Quebec at LONG HAUL freight rates. This extra freight has to be added to the cost and naturally makes our Farmers on Prince Edward Island pay both ways. Prince Edward Island is generally considered, and is in fact, the most easterly all Agricultural and Fisheries Province in Canada. We have no large manufacturing industries.

"We also feel that in a small section such as our Province is, there should be only one freight rate zone instead of the present three zones (1. Charlottetown, Summerside, Borden. 2. East of Charlottetown. 3. West of Summerside--2 and 3 are on same basis). This puts the so-called outside zones at a great disadvantage compared to the centre, or as referred to above, in selling our products.

"The proposed Freight Rates Increase upsets the previous relationship with producers in Ontario and Quebec because an increase on a long haul rate is much more in actual dollars and cents than an increase on a short haul rate."

Austin A. Scales, Freetown, January 3, 1949.

"I am responding to your request for some comments as to the effect further increase in Canadian freight rates may have on the potato growers of this Province. I have given some thought to this matter and now outline my findings.

"I estimate that each 1% increase in the existing rates in our Canadian Railroad Tariffs will cost our potato farmers about 4c per acre additional for fertilizers and a further 43c per acre, on the average, to deliver their potatoes to the consuming markets. This makes a total of 47c per acre additional for each 1% increase in rates. A 20% increase would result in costing these farmers about \$9.40 more per acre.

"This estimate is based on the average salable production of potatoes being about 200 bushels per acre, and that these would be shipped an average distance by rail about equal to that of from here to Montreal.

"From such an increase in rates, the producers of potatoes near the larger Canadian consuming centres would have more advantage than that which they now enjoy, inasmuch as their costs of delivery would not increase to the same extent as that of ours."

Lorne H. MacFarlane, Summerside, January 12, 1949.

"I am particularly concerned regarding proposed further increases in freight rates, and the effect of past and proposed advances on the potato industry of this Province.

"The recent increase of 21% was partly overcome this Fall by heavy export movements of potatoes by vessel, but we are still hampered on the domestic movement of potatoes and on the export shipments which of necessity have to move by rail. The 21% increase has not and never will be borne by the consumer; it amounts to a definite reduction in income to our farmers, and comes at a time when everything should be done to increase agricultural earnings.

"In addition to having to absorb additional freight in order to compete in outside markets, the farmer, and all of us for that matter, have to stand increased freight charges on our imports of food and supplies.

"Further increase in freight rates will be unbearable, and one can only feel that our weak resistance in the instance of the first increase has prompted the railways to go after a second boost.

"The writer is in favour of their being put into effect immediately one freight zone for this Province based on the centre zone rates now prevailing. The advantages to the railroad and to the railroad customers are obvious."

(ii) Fishing Industry

Jenkins Brothers Limited, Summerside, May 31, 1949.

"In connection with our operations this year and three years ago at the Railway Marine Wharf here.

"We are processing Herring under a salt and vinegar cure to be shipped out in barrels to Milwaukee and other points in the middle west.

"We have been informed that the freight rate on this item is \$1.11 per cwt. plus 6% on the total amount of freight. Previously in 1946 when we were putting up the same process the rate was 72½¢ per cwt. Now since this increase has gone into effect the market has not been so good as it was three years ago, in fact, competition is so keen that it does not allow one to have very much to work on. With the increase in freight rates it is possible for this community to meet competition only by paying less money to the fishermen for the raw material, which means that he, the fisherman, must suffer.

"We, ourselves, are working on a 25% less profit than before in order to meet competition, and along with this the fisherman is receiving approximately 25% less for his fish, in order to take care of this increase in freight rates."

To this market at least 10 or 11 cars will be shipped containing an average of between 40,000 and 45,000 pounds of herring in each car. Mr. Frank Cameron, Manager of Jenkins Brothers at Summerside, shipped these cars freight collect. He was unable to obtain from the Summerside Canadian National Railway Agent the rate of freight in time to prepay same so they went collect.

In connection with this business, the particular process used is something new for Prince Edward Island and it appears that a considerable outlet may be developed for the sale of Prince Edward Island herring. These people found the market themselves and secured specifications for the type of processing required for this market.

As far as the railroad is concerned, the freight involved in the transaction is more than the actual shipment of the processed fish. Four carloads of empty barrels of the type required had to be imported from the United States. Two of these cars came from Boston and two from Milwaukee. Three carloads each of 40,000 pounds of salt were brought from Amherst, two carloads of vinegar were brought from Bridgetown, N.S. The Canadian National Railways obtained the freight on the cars from Amherst and part of the freight from Bridgetown, Boston, and Milwaukee. A total of about 20 cars of inward and outward freight will be involved in this Transaction.

Jenkins Brothers state they have to pay the fishermen 25¢ to 50¢ less per barrel for the herring than they would have paid if the freight rates had not been increased 21% on April 8, 1948.

S. H. Brehaut, President of the P.E.I. Fisheries Federation, December 28, 1948.

"Because of the isolated position of Prince Edward Island, we are affected probably more than any other province of Canada participating in the fishing industry. In the production of Canned Fish, freights are heavy on inward supplies such as rope, twine, nets, cans, coal. On the other hand, freight on outward shipments is a **direct reduction** from the producer's returns . . . In the salt fish business the freight on salt, which is a heavy bulk commodity, is a very vital one as it amounts to practically 50% of the weight of the fish produced. Practically all shipments of salt to Prince Edward Island are now carried by rail. Likewise all outward shipments of salt or pickled fish are by rail in bulk. As a result of freight Prince Edward Island fishermen do not receive returns for their raw fish in proportion to prices received by fishermen in Nova Scotia or New Brunswick where salt can be imported by water, and outward shipments carried in the same manner. It has been found also that the cost of freight for the production of pickled Mackerel is so great that our fishermen cannot make a living wage for the returns from this species . . . Such a condition not only affects the fisherman's return, but it indirectly affects the rates of many fishing commodities scattered over Prince Edward Island where employment is given to factory help, truckers, suppliers of laths, etc., all of which will eventually reduce traffic on the railway. A matter of importance to the fishing industry is the fact that export shippers no longer are allowed a Stop-over privilege by the Canadian National Railways as had been done during the war years when Canned Fish was moved to various storages in the Maritimes for export. In other words, cars of Canned Fish could be started at rail points adjacent to fishing commodities, and could be brought into central points where the goods could be graded and prepared for export shipment, and then continue to seaboard with a **THROUGH RATE** plus a stop-over privilege and out-of-line haul charge. At the end of 1947 the Railway refused to allow this concession, and this has meant considerable hardship on exporters who are trying very hard to get what export business they can in competition with other countries who have the favourable advantage of water-borne traffic. As a result, exporters have in some cases had to pay double freights in order to get their canned fish to seaboard. We believe also that the salt fish industry is at a similar disadvantage in not being allowed stop-over privileges for the processing of salt fish. This is a definite hardship on the fishing industry, and it is noted that agricultural grains have the privilege of Milling-in-transit rates. This is a matter which should be corrected if proper returns are to be made to our fishermen, and exporters are to meet foreign competition."

(iii) Live Stock Production.

The value of this branch of our Agriculture Industry in relation to total farm income has already been indicated in Section 3 of this part dealing with "Our Geographic and Economic Situation" under the heading "Livestock and other Agricultural Production".

Shortly, for the year 1947, this shows that Livestock production was responsible for \$7,506,000 and of a total farm income of \$18,978,000. The \$7,506,000 represented sales from cattle and calves, sheep and lambs, hogs and poultry, but did not include egg sales of \$1,739,000. The total sales from these sources was \$9,245,000 or almost half the farm income.

In that year, of the livestock production, Prince Edward Island shipped to Packing Plants in Canada for slaughter, 1975 cattle, 5169 calves, and 22,184 hogs; and we otherwise exported to the U.S. and Newfoundland 5829 cattle, 1209 calves and 6,545 hogs.

High freight rates are necessarily reflected in decreased net return to the primary producer. As a large proportion of our export is long haul traffic, horizontal increases in freight rates further disproportionately affect the net return as compared with primary producers nearer the larger marked centres.

Prince Edward Island does not grow sufficient feed to maintain production. In 1947, for example, the year for which the above figures have been given, we imported 49,933 tons of Western feed and feed grains; and in the year 1948, 47,561 tons. Calculated in terms of bushels, this represents an annual importation in excess of two million bushels a year. These feeds and grains are all long haul rail traffic from Western Canada. Without the assistance given under the Feed Grains Assistance Act, the freight rates would be prohibitive. In 1947, the rate was \$7.90 per ton and since the 21% increase in freight rates in March 30, 1948, it has been raised to \$10.30.

The withdrawal of this assistance would sharply curtail production in an industry which remains one of the Prince Edward Island fields open for expansion.

The combined effect of high freight rates and horizontal increases, bearing heavily, both on net return and increased cost of production, would be ruinous to this feature of Agriculture production yielding almost one half of the farmer's income.

The continuance of this assistance is, therefore, of vital importance.

Generally in regard to Horizontal increases the Duncan Commission report at page 26 says:

Incidence of Horizontal War Increases.

"There is one further very important feature of the railway situation, as it affects the Maritimes, which calls for special mention. In one sense it is connected with the problem that we have been discussing, but its immediate incidence is not so interconnected with the great problem as to make it impossible to deal with it separately. Indeed the reaction of the burden which it imposes is so great that, in our view, it should be dealt with as a special problem. We refer to the system under which, during the late war, flat percentage increases (known as "horizontal increases"), were added to railway rates. We quote, merely as an example, figures submitted to us by the British Empire Steel Corporation in respect of iron and steel articles which show, as briefly as it can be shown, exactly how this system of flat percentage advances has operated:—

STATEMENT of rates on iron and steel articles from Trenton, N. S., and Hamilton, Ont., showing percentage of increase rates in effect 1926 over 1916—Rates to the points shown below, and the additional cost per gross ton which the increase represents.

LIST OF COMMODITIES ON WHICH RATES APPLY

FROM TRENTON, N. S.

FROM HAMILTON, ONT.

	Rate in Cents per 100 lbs.		Rate in Dollars per Gross Tons		Percentage of Increase		Rate in Cents per 100 lbs.		Rate in Dollars per Gross Tons		Percentage of Increase	
	1916	1926	1916	1926			1916	1926	1916	1926		
					%	\$ c					%	\$ c
Bradford, Ont.	28½	54	6.38	12.10	89	5.72	08	14½	1.79	3.25	81	1.46
Georgetown, Ont.	27½	52½	6.16	11.76	91	5.60	10	18	2.24	4.03	80	1.79
Harrison, Ont.	34½	65	7.73	14.56	80	6.83	15	27½	3.36	6.16	83	2.80

"By the mere operation of railway increases—and having no relation to any other business considerations—the burden which a Trenton plant has to meet now as compared with a Hamilton plant is much greater in money than it was formerly.

"The Railway administration, in giving evidence before us, agreed that long-distance traffic, particularly heavy traffic, had been seriously prejudiced by the operation of the horizontal increase. It was, they said, their opinion that even on the present level of class rates, and considering expense, the higher class goods are not carrying their full share of the expense of operations. They had made the suggestion to the Board of Railway Commissioners some two years ago—at a time when a reduction in class rates was being considered—that instead of reducing the class rates they should select what was considered basic commodities, such as grain, forest products, coal, iron and steel. The Railway Board, we were informed by the railway administration, felt themselves prevented from working out the proposition in that way, since when the advances were made they were made horizontally, and some declaration had been made at the time that when reductions came they also would be made horizontally.

"In view of the importance of railway rates to long-distance and heavy traffic, we have no hesitation in recommending that the matter should be taken into fresh consideration by the Railway Commission, that they should be relieved from the necessity of regarding themselves as bound by any such declaration as is referred to, but should be free to consider the whole question on its merits."

The Government of Prince Edward Island submits that the whole operation of horizontal freight increases is wrong in principle and prejudicial to the interests of the outlying sections of Canada, and that if increasing costs of railway operation must be met by the imposition of additional rates; then some other basis must be sought or compensating factors be considered in relation to the economic well being of this Province.

7. OTHER RATE AND TRANSPORTATION MATTERS

(a) Prince Edward Island Carferry Operations.

The piers at Borden and Cape Tormentine, being the Prince Edward Island and New Brunswick termini of the Carferry service, are owned by the Dominion Government as represented by the Department of Transport. The Carferries, M.V. "Abegweit" and the S.S. "Prince Edward Island" are likewise the property of Canada. The whole is run by the Canadian National Railway Company under separate account for the Department of Transport. Any deficit in the operation of the service is paid by the Dominion Government.

The service is credited with approximately 9 miles of freight haul, with a similar proportion of passenger traffic, plus the fares for automobiles and trucks. The traffic by rail to and from Prince Edward Island consists mainly of long haul freight charges and therefore contributes materially to the earnings of other regions of the Canadian National Railway system.

The point is that only a small proportion of the long haul freight is credited to this Division because there are only 286.10 miles of railroad in Prince Edward Island, and because the rail port of exit is near the centre of the province. The bulk of freight revenues on shipments to and from Prince Edward Island, being long haul freight, is therefore credited to other divisions of the railways.

The Province of Prince Edward Island is thus actually a substantial producer of freight revenue to the railways and to the ferry service though no credit is given in company statements in this regard. Yet the province is constantly discriminated against in its efforts for better conditions, by being confronted with the fact that large sums are apparently being paid from Ottawa to make up deficits to the railways in respect of railway and carferry operations.

The facts are:—

(1) That the railway administration does not know whether the Prince Edward Island Division of the Canadian National Railways is profitable or not.

The following is an excerpt from the evidence of Mr. Gracey a witness on behalf of the Canadian National Railways in the 20% Case before the Board of Transport Commissioners on February 18, 1949:—

"Q.—Now, looking again at the map, Mr. Gracey, the Prince Edward Island Railway is part of the C. N. System, is that correct? A.—Yes, sir.

"Q.—And have you an estimated, or have you got the actual figures, the actual operating results of that railway for 1947 or '48? A.—No, we do not maintain segregation of the accounts.

"Q.—It is part of the Atlantic Region? A.—Part of the Atlantic Region.

"Q.—Do you know whether it is a profitable part or not? A.—No, I cannot tell you."

(2) The railway administration still continues to treat the management of the carferry as if it were part of the railway operations.

This attitude is illustrated by the statement of Mr. A. K. Dysart, K. C., Counsel for the C. N. R. to the Board of Transport Commissioners in The Carferry Truck Rates Case, Charlottetown, July 18, 1946, at pages 1473 sqq:—

"Mr. Dysart: Mr. Chairman, I would like to point out at the very outset that the Prince Edward Island carferry is owned by the Government of Canada. As indicated in the brief read by Mr. Matheson, that facility was entrusted to the Canadian National Railway Company for management and operation. It forms part of the Canadian Government Railways and part of the Intercolonial Railway and those railway systems, in turn, so long as they remain entrusted to the Canadian National Railway Company for management and operation form part of what is colloquially known as the Canadian National Railways.

"It might be of interest to the Board, although it has no real bearing upon the issue here, to learn that under the Act, Chapter 50, 54 and 55 Victoria, 1891, the car ferries operated in connection with the Intercolonial Railway were deemed to be part of that railway. I think if the history of the entrustment Orders in Council which have been varied from time to time were analyzed, it would be found, consistently, throughout the years, that relationship has been maintained and recognized.

"The preliminary question which the railway asks itself in relation to these operations is, what is the mandate we have received from the owners in relation to the operation and maintenance of the Prince Edward Island car ferry? I would call the Board's attention to the terms of the original entrustment Order in Council P.C. 115 dated the 20th day of January, 1923, which has been filed in this case as Exhibit No. 1.

"After reciting the considerations which motivated the government in entrusting various railway facilities and railway systems which it owned to the Canadian National Railway Company for management and operation, it reads in its operative part as follows:

'The Minister accordingly recommends that the Canadian Government Railways—' which, as I pointed out a minute ago includes the Prince Edward Island car ferry,

'which for the purpose of Section 10 of the said Act, shall include the following lines designated specifically—the Intercolonial Railway (of which the car ferry forms a part), the National Transcontinental Railway, the Lake Superior branch leased from the Grand Trunk Pacific Railway Company, the Prince Edward Island Railway, the Hudson Bay railways and branch lines, the title to which, and to the lands and properties whereon such railways are constructed, is vested in His Majesty, be by Order in Council entrusted in respect of the management and operation thereof to the company on the terms in the said Act expressly specified, namely, that such management and operation shall continue during the pleasure of the Governor in Council and shall be subject to termination or variation from time to time in whole or in part by the Governor in Council.

"The Minister also recommends that the full benefit of all powers, rights, privileges and interests vested in His Majesty under any agreement for joint operation or running rights with any other corporation in connection with the railways, be also entrusted in respect of such operation and management to the company on the same terms as hereinbefore set forth.'

It is under the powers contained in this document that the Canadian National Railways operates the Prince Edward Island car ferry.

"This is an entrustment of a government owned facility to a company created by that same government. There are no limitations, there are no conditions attached here. The car ferry is entrusted to the Canadian National Railway for management and operation.

I ask the applicant, the Board and myself this question, what are the duties of the Canadian National Railway Company in relation to that operation? It is my submission that the duties and responsibilities of the Canadian National Railway Company are, at the very least, those of a prudent administrator of a facility entrusted to it by the owner.

"With that as a preliminary foundation, the Canadian National Railway Company proceeds to the question of what should be charged and how should this facility be operated? I think one of the elementary principles which must be followed in the administration of any facility is that a reasonable effort be made to meet operating expenses.

"The Chief Commissioner: At least.

"Mr. Dysart: At least, that is the very minimum. Now, it is recognized that in the operation of the government railways, owing to the capital structure which existed at the time of the entrustment and which still exists in a major part today, it will, under many circumstances, be exceedingly difficult to make a net profit. For that reason the government has, as in the case of the car ferry, undertaken to pay any deficits which may result from that operation.

"However, there have been no instructions issued by the Government of Canada to the Canadian National Railway Company of which I or any of the officers of the Canadian National Railway Company are aware which would indicate it is the intention or desire of the government that, in the administration of this railway car ferry, any other principle than that of a prudent administrator should be applied. For that reason the Canadian National Railway Company feels, apart from any other consideration, political, economic or otherwise, it should, in the absence of specific instructions from the owner, act as a capable and prudent administrator.

"It is because of this we have applied to the rates established and maintained for this car ferry, the same criteria we apply to the maintenance and establishment of rates on the rest of our railway system. This is an integral part of it. There is no justification, in our opinion, for any departure from the elementary principle of a prudent administrator, unless and until those who have entrusted the facilities to us indicate it is their desire they should be so operated."

This is completely at variance with the recommendations of the Duncan Commission, (pages 27—28):

"Altogether the ferry boat service is unsatisfactory. The railway administration admitted that there was need for supplemental provision being made in the form either of a second ferry boat or a special freight boat. We recommend that the matter be gone into from the point of view of placing at the disposal of the island such satisfactory means of communication as will ensure as regular and complete a service as can reasonably be made. We further recommend that, so far as the ferry boat service is concerned, it should not be run as part of the railway operations, but should be run by the railway administration under separate account for the department. We feel that, by reason of its association with railway accounts, this service does not get the attention it should receive."

If, as is suggested, "that under the Act, Chapter 50, 54—55 Victoria 1891, the carferries operated in connection with the Intercolonial Railway were deemed to be part of that Railway" then the principle "that commercial considerations were subordinate to national, imperial and strategic considerations, also that the cost must be borne by the Dominion and not by the traffic that might pass over the line" seems now to be completely overlooked in its administration by the Railway Company.

(3) That the Borden—Tormentine carferry is much more than just one “of the Intercolonial ferries” and must receive proper consideration in its relation to Prince Edward Island’s economic development.

The service is part of the Confederation pact with this province under which Canada undertook to “assume and defray all the charges for the following services, viz:—

... Efficient steam service for the conveyance of mails and passengers to be established and maintained between the Island and the mainland of the Dominion, Winter and Summer, thus placing the Island in continuous communication with the Intercolonial Railway and the railway system of Canada.”

The Carferry should therefore be considered as part of the national highway system, an interprovincial link, the use of which should be free of all charges.

The agreement to “assume and defray all charges” for “efficient steam service” in order to place “the Island in continuous communication with the railway system of Canada”, must mean what it says: “to pay all charges”, in other words this link must be the equivalent of a rail-highway bridge—and without toll.

This principle has been accepted in relation to other of the agreed services:—i.e. the protection of the Fisheries, Lighthouses, Geological Survey, etc. Most specifically it has been recognized in relation to “the maintenance of telegraphic communication between the Island and the Mainland of Canada”.

The latter service was instituted in 1913 when cables were laid across the Northumberland Strait, but no tolls for telegram and telephone messages are charged. We were considered as adjoining the mainland and no charge was made for the 9 miles across the Strait.

No tolls are charged on the Canal system of Central Canada, even to foreign vessels entering our inland waters, nor are there any tolls on the bridges between Ontario and Quebec. Prince Edward Island is entitled to equal treatment with the other provinces and it is so stated in the Order-in-Council admitting the Island to the Union.

“Ferries”, said Premier J. Walter Jones at the Dominion Provincial Conference in August, 1945, “should be a national highway under the terms upon which we entered Confederation.”

The Canadian National Railways manage the ferry for the Dominion Government but treat it as part of railway operations. “We as a railroad,” wrote the Vice-President of the Canadian National Railways to an Island Premier, “cannot overlook the fact that in reality every automobile we handle on the ferry is in competition with our own rail route”. (Quoted in the Guardian newspaper, Charlottetown, December 19, 1945).

Since the ferry tolls on trucks and cargo constitute fixed charges on the transport of produce and livestock across a short distance, they hamper the participation of Island Industry in mainland commerce.

It is noted that the Canadian National Railway Company operating the ferry service for the Department of Transport charges itself, and credits the car-ferry account, for the use of the ferries in the transportation of its freight cars, 1 cent per ton mile on a minimum mileage of 10 miles. The weight is taken from the Bill of Lading and no charge is made for the weight of the car itself. The charge therefore for a freight car loaded with 20 tons of freight would be \$2.00. Empty freight, baggage, passenger and express are ferried back and forth free of charge.

At the same time under the schedule in force up to July 1st, 1949, a truck carrying dressed meats to market across the straits and with a 5 ton load would have paid—

For the vehicle.....	\$10.00
For the load, 20c per 100 lbs.....	20.00
	<hr/>
	\$30.00

Four trucks carrying equivalent 20 tons of freight would be charged \$120.00. The ferry space occupied by four trucks equals that of two freight cars—the comparative toll \$4.00 vs. \$120.00. Empty trucks were charged a flat rate of \$10.00.

Under the new schedule (July 1st, 1949), the charge for 4 five ton trucks would be \$16.20. On the basis of empty vehicles occupying similar space the comparison shows:

4 empty trucks, weight 12 tons, charge—	\$16.20
2 " railway cars" 60 " " "	—Nil.

Actually, therefore, from the standpoint of the ferry as a distinct and separate unit, the carrying of trucks is a much more profitable traffic.

Nevertheless, every application to have the truck rates reduced had been consistently opposed by the railway administration on the ground that "the duties and responsibilities resting on them should be not less than that of a prudent administrator who should make every reasonable effort to meet operating expenses." (A. K. Dysart, K.C., C.N.R. Counsel, Supra).

It was not until May 27, 1949, that the reduced rates were published to become effective July 1st, 1949. On May 2nd the Royal Commission on Transportation had announced that it would commence Regional sittings in this Province on July 25th.

Admittedly it is more profitable for the Railway Company to move two freight cars on which it, as railway, collects charges, than to move 4 trucks where the tolls are paid to the credit of the ferry account. So long as this service continues to be managed by the Canadian National Railway the tendency to treat the ferry as a railway operation will in time become an attitude so firmly established, that its proper ownership will be forgotten as well as the purpose for which it was instituted.

The Province therefore points out that the ferry service should not be the responsibility of the C.N.R. but a public utility in the hands of a government department or independent commission, administered free of charge, as a federal compensation for geography, and designed as an inter-provincial connection which should be both "efficient" and "continuous" in terms of Prince Edward Island's current needs, and subject to periodic re-assessment on that basis.

It is submitted that, while at one time the service was predominantly rail, the development of other forms of transportation has considerably altered the situation. Today the ferry instead of being a rail service is a transportation service—a condition which lends itself to an independent operation in the public interest. It is of paramount importance, however, that the ferry services should be coordinated with rail schedules so as to facilitate the freest movement of rail traffic, particularly carloads of perishables. For this reason it is believed that if the ferry were operated under an independent set-up the railways should be provided with running rights on the carferry at charges to be the subject of agreement, or, as the eventual incidence of charges is the same, without toll.

(b) The Inadequacy of the Present Carferry Service.

(i) Freight.

The growth of freight traffic on the carferry has already been indicated in the earlier part of this Brief dealing with present transportation facilities.

It is noted that in 1921, the first year for which statistics are available, 15,702 freight, passenger and baggage cars had been carried over on the ferry. In 1925 this traffic had grown to 21,592, and recognizing the growth, the inconvenience, and the necessity of adequate service during certain seasons of the year, as well as the increase in automobile traffic, the Duncan Commission recommended a second ferry, and the railway administration at that time admitted that there was need for supplemental provision in the form of a second ferry boat or a special freight boat.

By 1947 the number of freight, passenger and baggage cars transported had reached 49,312 and in 1948 the traffic had grown to 52,620.

The outward freight of potatoes, turnips, livestock, and fish represent, as indicated earlier, over two-thirds of our income and the imports of all the vital necessities of life and production make it essential that no breakdown in the service occur. During the spring months when one or other of the ferries is in dry-dock, a large proportion of our potatoes moves to the markets of Central Canada and the United States by rail. Any interruption of service at this time would be ruinous to our agricultural interests, the backbone of our economy.

The maintenance of "adequate" and "continuous communication" should not be left at any time to the uncertain prop of the old carferry. It is not a matter of freight revenue—it is a question of national need transcending consideration of rates or profits on any operation.

On this score alone, an additional carferry is imperative. But it is not on the basis of freight deliveries alone that additional services must be provided. Other factors—the development of tourist traffic and inter-provincial trade by trucking services may well be vital in the event of a depression in agricultural prices.

(ii) Tourist Traffic.

The provision of adequate transportation facilities for the development of tourist traffic as an essential feature to supplement provincial income and to overcome some of the economic disadvantages under which we suffer might well be considered as part of a Dominion wide policy.

The following, taken from the report of the proceedings before the Standing Committee on Railways and Shipping on April 27, 1938, at page 79, indicates the inconveniences and handicaps which tend to discourage tourist traffic to this Province:

“Mr. Walsh: I wanted to bring up a point here—I do not know whether it comes in here, but it will come in here as well as any other place,—in connection with the facilities for getting to and from Prince Edward Island. A number of us have had the privilege of spending our vacation on the Island, and personally I would recommend that to more Canadians rather than going to the State of Maine.

“The Chairman: You get too much information when you are there.

“Mr. Walsh: There would be more travel to Prince Edward Island, I think, if the facilities offered were very much improved; and I feel, after certain experience, that those facilities could be improved. I invite the president and other officials of the railway to take that trip as occasion might offer in order to know where the improvement could be made. The travel is very satisfactory until we get to Moncton or even to Sackville and the cape. And then we hang around the Cape for an indefinite period, shunting backward and forward, instead of having the ferry ready to receive the cars as they arrive on and off without any delay. Then going from Borden to Charlottetown, it seems to me an indefinite road for such a short stretch of line.

“I was wondering if we could not get better facilities for travelling from Sackville to Charlottetown in order to improve conditions on that island as far as travel is concerned. I feel that there would be more people travelling backward and forward from the island, the island population itself, also that there would be far more people interested in spending their summer vacations on the island, because, as most members know, the beach facilities on the island are admirable and the hotel accommodation is not bad and would be improved if the railway would improve the facilities to reach the island. There are no finer beaches on the continent than are to be found on the far shore of Prince Edward Island.

“I am not attempting to advertise the island, I am not an advertising agent.

“Mr. McKinnon: You are doing pretty good.

“Mr. Walsh: I am merely dealing with it from the point of view of the railway. The facilities are there on the island to receive a tremendous amount of tourist traffic. Now that the government has undertaken to put a national park there with the presumption of road facilities from Charlottetown, Summerside and Georgetown to get into that park—the park is situated on the coast line where most of the beaches are located—they have everything possible on the island. It is the difficulty in reaching the island that is causing such an amount of inconvenience and, from the point of view of the natives of Prince

Edward Island, grievance. I grant you that the population of Prince Edward Island is rather small, and probably commensurate with their size they are getting railway facilities which they could not pay for themselves. But I look at it from this point of view: Prince Edward Island is the cradle of Confederation; it was from there that the Dominion of Canada started. They are a province. They are not just an island, they are a province, and I feel that we and the rest of Canada should give Prince Edward Island a better break in regard to railway facilities, both freight and passenger, than they are getting at the present time. I urge this while the officials are here, particularly while the president and general manager of the road are here. I urge it at this time in the interests of the railway to see if something can not be done to facilitate better service. I do not know how to run a railway; I do not know whether I am making suggestions that are beside the point; but I do feel in travelling down there that there can be something done that would improve facilities and bring something to that island which they have not enjoyed in the past. If it could be done, it would certainly eliminate any possibility of the necessity of relief so far as the island is concerned, and it would generally improve conditions for the railways.

"Mr. Hungerford: Is the service unsatisfactory?

"Mr. Walsh: The service is not unsatisfactory; it is deplorably slow. It takes such an unearthly time to get from Sackville to Charlottetown.

"Mr. Howard: You can save six hours by flying from Moncton.

"Mr. Walsh: Yes, but there are some of us, unfortunately, who cannot fly and it is not because of finances but because of physical reasons. We have got to keep on terra firma, and we have never been up in the air yet and do not intend to go up during our lifetime.

"Is it necessary to run both those trains as locals between Sackville and Charlottetown, or could one of them be run through as an express stopping at only the most important points as you travel towards Charlottetown? I think a few hours could be saved, and certainly the accommodation in getting on and off the ferry at both ends could be very much improved. I cannot see the necessity of waiting such a long time to get on the ferry. I cannot see why they cannot have that ferry all ready waiting for the train, not the train to sit there and wait for the ferry. The ferry should be there ready to receive the train and in five minutes the train should be on the ferry on its way over, and the same thing getting off. I just make that suggestion in the interests of the railway, also in the interests of that island province whose tourist facilities can certainly be very much improved. It would be appreciated by the Canadian people if the facilities to reach those tourist places could be improved.

"Mr. Hungerford: I can assure you, Mr. Walsh, that a great deal of consideration has been given to these matters and a great deal of money has been spent in improving the tracks and other facilities on that service; but we would be glad to take another look at it.

"Hon. Mr. Howe: I can say also that the government has taken this problem in hand and provided two ferries instead of one that was run last summer. We believe that we will give the island this year the best service they have had in their history and that it will adequately take care of tourists who wish to cross there by train or motor.

"Mr. Walsh: I am glad to hear that from the minister. I did feel that that part had been neglected from the tourist point of view. The chairman has been there and he knows the facilities.

"The Chairman: Lovely.

"Mr. Walsh: He does not know the difficulties in getting there because he travels de luxe, but the rest of us have to travel by rail, and we would like to enjoy those facilities with a greater degree of comfort in approaching and getting back home again.

“Mr. Howard: I hope the minister has already made that statement about the change in the ferries, because Mr. Walsh can make a speech in the summer down there like Mr. Mackenzie made in Vancouver.

“Mr. Emmerson: I think what Mr. Walsh was referring to was the passenger traffic on the railway not the tourist traffic, because the bulk of the traffic in the summer time goes over there by motor cars, and I do not think anybody could wish for any better service than is given in connection with motor cars. It is true as far as the passenger traffic is concerned; that is, freight traffic as well as passenger traffic on that big steamer, as the freight cars have to be loaded on when the train comes in as well as passengers.”

The Hon. Mr. Howe referred to the provision of two ferries, but as indicated before only one ferry actually operates at a time, except on special occasions. Tourists arriving at the pier a few minutes late for one crossing have to wait for over four hours for the boat to cross, return, shunt in the freight cars, before proceeding across. The second ferry referred to by Mr. Howe in reality made little improvement in the service, since one ferry is always tied up at the pier.

Again in the following year (1939) before the Standing Committee on Railways and Shipping under date of April 19th, at page 112, the same topic was discussed.

“Mr. Walsh: Before we adjourn I would like to refer again to these reports. There is one item that I discussed last year and I would like to refer to it briefly. I just wanted to mention it at the time. The Minister of Transport was good enough to refer to it last year. I refer to the problem of that island province, the cradle of Confederation. I brought up before this problem of the transportation facilities of that province. When you leave the mainland at Sackville there seems to be no real supervision of that line to Charlottetown. They go along in the performance of their duty as if it did not matter whether they got there on time, or the next day, or when they left. And the facilities, as far as the ferry is concerned, are not what they should be, and it is due principally to lack of close supervision along that line. I refer to the railway ferry which runs between Borden and Tormentine.

“Mr. Hunderforg: What is wrong with the ferry service?

“Mr. Walsh: I will tell you what happened. I went down there last year and we landed at the cape, and we were held at that station for three quarters of an hour at least. I am not exaggerating. For three quarters of an hour we were held at that station. The ferry was in. What in the name of goodness they were doing I do not know. Then finally we got on the ferry, and we finally arrived at Charlottetown one hour and ten minutes later.

“Hon. Mr. Howe: Were you on your holidays?

“Mr. Walsh: Last year I asked the management to see if they could not correct it this year, but they have not corrected it yet; and I am asking them, not in my interest, because after all I can take my own car down there and probably ferry at a different point where the schedule is more regular—but in the interests of the island, to see that this is corrected. They have produce to ship from there. They want tourist facilities and they have to have them. The prosperity of that island depends upon the facility with which they are able to reach the mainland, the facility with which they are able to reach the main line; and I am urging the Canadian National Railways, in a spirit of helpfulness towards the people of that island, that they give them more consideration than they are apparently receiving at the present time. There appears to me no reason why that train arriving at the cape should not be immediately placed on the ferry and the ferry immediately started for Borden. There is no reason to my mind, why that should not be done; nor do

I see any reason, why the schedule should not be so arranged that when freight and automobiles have to be put on that ferry, they would be put on first, in order that the ferry may be waiting there to take that train, because that is the important feature of the trip so far as the island is concerned. In that way you will lessen the time and you will greatly improve the facilities.

"Then there is another point I wish to mention. I am hoping that the Canadian National Railways may be able to make some arrangements, through the government, whereby the cost of carrying trucks and facilities of that nature from the island to the mainland and the reverse will be somewhat cheapened. They find it a little expensive at the present time. They land product in that market, and it is increased in value due to the expense of the trip. I should like very much for them to see if it is not possible to reduce that expense.

"Mr. Young: On how many occasions did you find this delay, Mr. Walsh?

"Mr. Walsh: Every time I have been down there. I have been down there three years now. I landed there on Thursday night, and the next night after I landed there—on Friday night—the train was two hours and five minutes late. That was the night after I arrived.

"Mr. Young: Was the train late on the other side?

"Mr. Walsh: No, it was not late. It is delay on the ferry, either at one end or the other, or both. There is another point I should like to bring up. We have a deficit on the Canadian National Railways and it is most unfortunate. We regret it and we hope it is going to be decreased in due course—and I have no doubt it will be. I was wondering if the government could not spend some money out of that deficit in order to help reduce the deficit—spend some money in bonusing the shipment of grain and the shipment of package goods through the ports of Saint John and Halifax. Those ports are available, particularly Halifax, which is, I think, one of the finest harbours we have on the North American continent and one of the harbours that is least expensive to run. I feel that the amount of freight we put through that harbour is so negligible that it is almost forgotten. I should like to urge the possibility of bonusing freight going out of those two harbours. In that way it would increase the haulage for the Canadian National Railways to those ports, Halifax in particular; and increasing their revenue will decrease their deficit. In that way the government will about split even, and it will give those two ports a better break than they are getting at the present time. I make this suggestion in good faith, and I am hoping that they may receive more consideration from the authorities most concerned.

"Mr. Hungerford: I hope when you come down this summer you will have a more favourable experience, Mr. Walsh.

"Mr. Emmerson: I did not intend to say anything, but in the light of what Mr. Walsh has said, I feel that something should be said in defence of the service between Sackville and, at least, till the train gets on the boat. I do not see that service once or twice or three times a year, I see it winter and summers, spring and fall. I am on that train a good deal. I am down in that section. I admit there are times when the trains are delayed and when the boats are delayed; but as far as the service is concerned, particularly to those with automobiles, I do not know where you can go to get a cheaper trip or as quick a change from the highway to a boat and off as you will find right on that service. It does not take more than five minutes at the outside to go from the approach to the dock into position on the boat. You simply run up on the ramp and get into position. As far as the service is concerned, in the summer time there are two regular trips by train; but if approaching there by automobile, there are four times during the day and sometimes six when you can go across there by motor car. I think as far as the trainmen are concerned, the same type of men are there as are on the main lines. There are delays at times. But I think it is rather unjust to say that the service is not good. That is all I have to say.

"Mr. Kinley: I have always found it a good service. I go over there very frequently. But I cannot understand how they lose so much money.

"The Chairman: They are afraid of Mr. Walsh.

"Mr. Howard: Mr. Walsh should have gone over in the old days when they put the automobile on the car and switched the car on to the boat.

"Hon. Mr. Howe: I think I can explain why we lose money. It is because we give such a good service. We have two very fine boats there on that service. Up until two years ago one boat was operating at a time. At that time they wanted a more frequent service. We fitted up a second boat; and now at times of congestion in the summer we run both boats across, giving as many as eight trips a day to serve the automobiles as well as the trains. As far as subsidizing automobiles goes, the cost of an automobile used to be \$7 a trip; it has now been reduced to \$3. I doubt if \$7 began to pay the cost of the operation."

It would appear that the Committee made no recommendations to Parliament in view of the assurance by the Minister that there were two very fine boats operating on the service.

We are bringing this matter to the attention of the Commission because, as a matter of actual fact, we still have only one boat operating the service with an old 33 year old boat held as an auxiliary.

Despite the handicaps a considerable tourist business has developed and can be greatly increased not only in dollar value to Prince Edward Island but in increased revenues to the transportation services.

The following is a resume of the 1948 tourist trade:

RESUME 1948 TOURIST TRADE

Automobiles

TO BORDEN

	U. S.	Can.	P. E. I.	other than P. E. I.
June	401 cars	1884—	531	1353
July	1473	2945—	618	2327
Aug.	1871	3715—	658	3057
Sept.	520	2511—	781	1730
	<hr/> 4265	<hr/> 11055	<hr/> 2588	<hr/> 8467

It is safe to assume that $\frac{1}{3}$ of Canadian Cars were business and Commercial Travellers.

$\frac{1}{3}$ of 8467—
2822

5645 Tourists from other provinces.

4265 Tourist autos. From the United States.

9910 Number persons per automobile averages three. This makes total 29,730 persons.

TO WOOD ISLANDS

The Wood Islands figures are not broken down monthly the same as Borden—Tormentine, so we take the same percentages of traffic to apply as on Borden—Tormentine.

Total vehicles both ways, Wood Islands.....	20428
Less Trucks.....	5624
Total automobiles both ways.....	14804
$\frac{1}{2}$ of this to P. E. I.....	7402
Deduct 25% for P. E. I. cars.....	1850
	5552
Less $\frac{1}{3}$ for business people.....	1850
	3702
60% estimated arrived June-September incl.....	2221
2221 cars by three persons—6663 persons	

TOTAL TOURISTS

By auto. Borden.....	29730
By auto. Wood Islands.....	6663
Via M. C. Airways.....	3000
Via Bus.....	8898
Via Rail, estimated.....	9000
	57291

Estimated total value of tourist business \$2,864,550—57,291 tourists at an average expenditure of \$50.00.

The above figures represent merely the tourist proportion of total automobile and passenger traffic crossing on the carferry. The totals for 1948 were 185,240 passengers and 45,698 automobiles. This shows the additional burden of traffic which the carferry has to accommodate.

The growth of traffic figures are here repeated:—

BORDEN—TORMENTINE

	Passengers	Automobiles
1941	157,316	25,093
1942	126,712	9,446 gas rationing
1943	149,849	10,027 gas rationing
1944	173,662	12,052 gas rationing
1945	177,737	18,213
1946	175,000	27,862
1947	175,642	37,767
1948	185,240	45,698

With additional ferry service, the tourist traffic could be enormously increased and would be reflected in business for the railways and in a more prosperous Prince Edward Island.

In this connection we quote from the remarks of Sir Henry Thornton as related in the evidence of the late J. Leroy Holman in the Truck Ferry Rates Case, at page 1334, sqq.:—

"I do not like to enter into a contentious matter, but I would say this, that I do not think the Canadian National management has got the proper sympathy for the farm interests of Prince Edward Island or the interests of Prince Edward Island as a whole when a leading railway official said before the Railway Committee in Ottawa a comparatively short time ago when he was questioned, "Prince Edward Island is lucky that the Canadian National carried automobiles across to Prince Edward Island." I do not think that is right attitude.

"In that regard, I would like to make another statement. When Sir Henry Thornton, to show the difference between them, came to Prince Edward Island—I believe the first time he was Vice-President and officials from across Canada and members of the Boards of Trade of Prince Edward Island went over to Tormentine to meet him. While we were waiting for Sir Henry, there was a discussion with the other railway officials. One of the Vice-Presidents spoke up and said, "If I had my way, I would not carry an automobile across to Prince Edward Island because it is just interfering with the Canadian National passenger traffic." He said, "That would be my idea," and it seemed a number of them agreed.

"Sir Henry came into the car and sat down, "What is your problem?" At that time, I believe the rates for cars, return, were somewhere around \$12.00. We told him and he said, "In my opinion, it would be good policy for the Canadian National Railways to carry those automobiles across to Prince Edward Island free because it would bring such tourist traffic to the province it would increase the prosperity of the people. The railway would get its return, financial return, by catering to a prosperous community."

With an additional ferry and an hourly shuttle service across the Straits, local automobile traffic between the province and the mainland would increase tremendously, especially in the summer and fall months. Annoying delays would be avoided and many tourists, who now are daunted by the unfavorable conditions of travel, would spend their holidays in Prince Edward Island with its unexcelled beaches and warm coastal waters.

(iii) Trucking.

Trucking, which has become such an essential feature of modern business, as a means of rapid transportation, has been severely handicapped in so far as the development of inter-provincial trade is concerned.

Three factors intervened:—

(1) Prohibitive Truck Rates.

The effective charges for automobile trucks up to July 1st, 1949, were as follows:—

	Charge per Vehicle	
	One Way	Round Trip
Trucks, automobiles (see note).....	\$ 6.00	\$12.00
Truck Trailers (see note).....	4.00	8.00
Vehicles, any type, dimensions, or weight of which require load- ing on flat cars.....	10.00*	20.00*

Note: Vehicles in excess of 8,000 pounds in weight (including weight of vehicles and contents) or in excess of 7' 5" in height will not be carried on the carferry deck. Such vehicles must be loaded on flat cars which will be transported on the railway car deck at charges indicated by the asterisk above.

In every case there is an extra charge for any load on the trucks or trailers at the following rates per 100 lbs. for the tariff distance of 10 miles.

20c on 1st class freight.
17c on 2nd class freight.
15c on 3rd class freight.
12c on 4th class freight.

Rates on automobiles and passengers:—

Single fare—	\$2.00	.40
Return fare—	\$3.00	.65

On the Wood Islands—Caribou ferries the rates for automobiles and passengers were the same—

Rates on trucks:—

Truck size		RATE	
15 feet long	— Single	\$2.00	Return \$3.00
18 feet long	— Single	3.00	Return 4.50

Trucks over 18 feet long—a charge of 15c single trip and 20c return for each additional foot of length. In all cases, no additional charge for load.

The growth of truck business on the Wood Islands—Caribou service has already been indicated, from 629 in 1941 to 5624 in 1948.

On the carferry service at Borden the figures for 1944 were:—

	Trucks	Trailers	Vehicles on flat cars	Total
Borden to Cape Tormentine	— 230	9	18	
Tormentine to Borden	— 251	1	26	
	481	10	44	— 535
For 1945				
Borden to Tormentine	— 406	4	71	
Tormentine to Borden	— 396	9	71	
	802	13	142	— 957
In 1948 the number was	—			—4240

On July 1, 1949, a new schedule of rates on carferries came into effect, reducing the toll charges to those applying on the Wood Islands route.

(2) The Method of Handling Trucks.

Passenger automobiles and light trucks are carried on the upper deck. They drive up a ramp under their own power and proceed over an apron on to the deck.

Construction of the ramp does not permit its use by vehicles whose weight exceeds 8000 lbs; nor one whose overall height exceeds 7'5". Vehicles and contents not exceeding 30,000 lbs. may be driven under their own power over the railroad tracks and into the ferry on the rail deck.

In case of vehicles exceeding the above limits, they must be loaded on flat cars and transported on the railway car deck. This involves considerable delay both in loading and unloading and tends to discourage the growth of traffic.

The market area within reasonable limits for truck distribution via the P.E.I. ferry constitutes that portion of the mainland embracing the counties of Saint John, Kings, Albert, Kent and Westmoreland in New Brunswick with a 1941 census population of 189,124; the County of Cumberland in Nova Scotia with a population of 39,476 and the whole of Prince Edward Island with a population of 95,047. The principal cities and towns in this area are Saint John, Moncton, Charlottetown, Summerside, Amherst, Springhill, Oxford, Sackville, Newcastle and Chatham.

With the advent of the reduced truck rates this trucking business could be developed to enormous proportions to the advantage of producers in all the above areas.

The prime advantage in the development of truck transportation across the ferry is the time factor. This applies not only on goods being shipped out such as fresh vegetables, fish, lobsters and livestock, but in the importation of L.C.L. freight.

This is well illustrated by the evidence of the late J. Leroy Holman in Ferry Truck Rates Case at pages 1331—1333:—

"Q.—Tell us what you think you would like us to know?

"A.—Well, I do think, looking over some of the invoices, some of the bills of lading from the different Maritime points, that truck traffic might connect with such points as Sackville, Saint John, Saint Stephen, Amherst and Halifax.

"These instances are not picked out especially to particularly cover my point, but simply taken invoice after invoice and I think if I perhaps read the dates it would show my point in that regard is borne out.

"We took these dates—I thought it would be unfair to take the dates when the Scotia was in operation because there would be congestion as we well know and have suffered, so we took dates in December, October, September and August of last year.

"Now, Sackville, I believe, is about 58 miles from Summerside. I think it is about 18 miles to Borden and from Borden up is about 40 miles. I am talking about the highway route but I presume as the railway follows the highway, the difference between the two mileages would be very slight. For 58 miles from Sackville a reasonable time for freight to arrive from that point would not be, and I am just reading in rotation the length of time, I am taking the waybill date and the arrival date; ten days, nine days, eleven days, six days, nine days, eleven days, eight days, eight days, eight days, seven days, five days, nine days.

"The Chief Commissioner: Q.—That is, for the freight to arrive? A.—L.C.L. freight from Sackville to arrive in Summerside. If you would take as an average, about ten, the railway moves that freight at an average of six miles per day.

"Q.—That is L.C.L. freight? A.—Yes.

"Q.—Did you ever make any complaint about that to the railway officials.? A.—You would not know the Islanders if you asked that question. You always complain. I do not mean as a matter of complaining, but we put our claim in for better service.

"Q.—Was that your actual experience or the actual experience of some people you know? A.—It is the actual experience of our own firm and other firms.

"Q.—You will have as much as ten days in getting L.C.L. freight from Sackville to Summerside? A.—Pardon?

"Q.—You have had the experience of it taking as much as ten days to get L.C.L. freight from Sackville to Summerside?

"A.—We have had some hundreds of experiences.

"Q.—Would that be in the winter time? A.—September 29th, nine days; September 4th, 7 days; October 16th, 9 days.

"Commissioner Stone: Q.—That was last year, was it? A.—Yes.

"Mr. Dysart: Was that on the Prince Edward Island ferry?

"The Witness: The Prince Edward Island ferry must have been operating in October and September.

"Mr. Dysart: It was not the Scotia?

"The Witness: The Scotia is not on at that time, the Scotia is only to relieve the other boat.

"From Saint John we have the following dates in October; 13 days, 10 days, 10 days, 11 days, 12 days, 11 days, 9 days."

As a further illustration of how provincial industry could be developed by transportation treated as an instrument of national policy, we quote further from the late Mr. Holman's evidence at pages 1340-1342:—

"Q.—You started speaking a while ago about the farm community which, after all, is an important community in this province. How would they be influenced or helped if the rates on trucks across the ferry were reduced?

"A.—I think they would be materially benefitted. I think the truck traffic would increase and that would be a very helpful movement. We have one car ferry now—

"Q.—Do you think it would be healthy for the Canadian National Railways to carry over products in competition with themselves, that is truck competition?

"A.—Yes, and I take that from Sir Henry Thornton's idea of it, that the railway should endeavour to develop the prosperity of Canada. Then, they can make money on that. I remember discussing it one time with Senator Sinclair and with Sir Henry in Montreal. It was a matter of discussing a superintendent for the Prince Edward Island railway. He said, "I suppose you people would just want an Islander." I believe we told him we would want the best man he could send to us. He said his idea would be that he would take a young man with a college education along lines that would be applicable and beneficial for the operation of a railway or managing a railway and he would say, "Here,

young fellow, there is Prince Edward Island; that is your baby. Anything you can do to develop the trade of Prince Edward Island in order to make the people there more prosperous is your first consideration. You do not have to worry about the railway making money if you do that."

"This was his idea of what he would ask the superintendent of the railway who would go to Prince Edward Island, what his policy should be. I think there is altogether too much consideration of the economic aspect as regards the operation of the railway to the detriment of the people whom they try to serve. You are never going to get anywhere at all unless the attitude is reversed and the whole idea is to develop trade.

"Q.—Now then, if the rates were lower on these trucks, do you think that would tend to make you prosperous and if so, in what manner? A.—It would make the farmer more prosperous because it would give him access to the markets of the Maritime Provinces, that is, the points that they could travel to. They would develop market gardens, which is not a main factor to Prince Edward Island at the present time, they have not a market, but they would have a close market for that and it would help them to develop markets for it. They could ship farm produce to other points not served by the Canadian National Railways; it would develop a lot of that trade."

(3) The solution of the difficulties is indicated by the following excerpt from the evidence of Mr. L. J. Knowles, Commission Traffic Representative of the C.N.R., in the above-mentioned case, at pages 1433-1434:—

"I call your attention to the fact I have inserted in ink the total number of cars held awaiting movement at Borden and at Tormentine and also those which are held back at Sackville and Moncton awaiting transfer down to the car ferry.

"On August 15th, we had the lowest number of cars held for transportation. After all the trips had been made we still had 40 cars to transport and on August 9th we had a maximum of 144 awaiting transportation.

"Now, in September, on September 10th, we had the lowest number awaiting transportation, which was 74. The highest number appears to be 179 on September 8th. I have been informed since I came down here that in the winter there are sometimes as many as 500 cars awaiting transportation due to various conditions. Now, the inference, of course, from this statement is that any interference with these operations by reducing the truck rates and increasing the movement of trucks is just going to make a greater number of cars awaiting transportation. Unless, of course, you have two ferries instead of one."

In concluding this section, the Government of Prince Edward Island again emphasizes the absolute necessity of an additional railway ferry with adequate facilities for the "efficient and continuous" movement of freight, tourist and trucking business, as vital to the development of our natural resources and the protection of our agricultural industry.

(c) Zoning on Prince Edward Island.

In the calculation of freight rates, Prince Edward Island is divided into two distinct freight zones.

The Inner Zone comprises the area Summerside—Charlottetown—Borden.

The Outer Zone comprises the area west of Summerside and east of Charlottetown, including the Murray Harbour line.

Historically, the main line between Borden, Summerside to Charlottetown was widened from narrow gauge to standard gauge in 1919. The outer areas continued with narrow gauge track and equipment as follows:

Summerside to Tignish, August, 1923:

Royalty Junction to Souris, Mt. Stewart and Georgetown, August, 1926:

Murray Harbour branch September, 1930.

During that time, the establishment of inner and outer zone rates appeared to be founded on some basis of reason.

With the complete standardization of the railway in 1930, the basis for the distinction had disappeared but the anomalous zoning provisions were retained.

We submit that the conversion of the small area of Prince Edward Island into one rate zone on the same basis as presently existing for the so-called Inner Zone, is not only founded on reason, but is vitally important to our agricultural stability.

The Government of this province is aware that the matter of zoning is presently the subject of an application before the Board of Transport Commissioners. To the extent that the latter Board may consider geographic and economic considerations not within the scope of their authority the matter is referred to the Royal Commission for their recommendations regardless of the eventual result of that application.

Prince Edward Island as hereinbefore indicated is about 140 miles long and has a population of approximately 95,000 people. The main agricultural crop is the growing of potatoes, and almost every farm in the province is interested to some extent in this crop. There are approximately 13,500 farms in the province. The potato crop is estimated to comprise about 35% of the entire agricultural production in dollar value. Different rates from different parts of this small province comprise a hardship to the farmers in the areas in which the higher rates are paid. This is a definite discrimination. It should be kept in mind that higher freight rates on articles necessary to production of potatoes such as trucks, tractors, plows, diggers, graders, harrows, etc., also apply to the outer zones as compared with similar shipments to the inner zone. It is impossible for shippers to make a standard F.O.B. quotation to a certain point, due to the present zones and different rates. An order for more than one car of any certain type of potatoes very frequently is made up of cars shipped from inner and outer zones—this causes great confusion.

We submit that while mileage in connection with rates generally is not a controlling criterion, it is, however, of significance in connection with the reasonableness of rate groups in the same territory. It is patent, therefore, that under substantially similar conditions and circumstances, exclusive of the ferry service

the existing groupings on Prince Edward Island are unreasonable as is exemplified by the subjoined distances and rates:

(Rates in cents per 100 pounds)

From	To	Mileage	1st. Class Rates
Winnipeg, Man.	Summerside, P. E. I.	1918.3	357
	(outer zone)		
Winnipeg, Man.	Halifax, N. S.	1994.6	357
Winnipeg, Man.	Tignish, P. E. I.	1986.1	362
	(outer zone)		
Toronto, Ont.	Summerside, P. E. I.	1056.6	144
Toronto, Ont.	Tignish, P. E. I.	1124.4	148
Montreal, Que.	Summerside, P. E. I.	725.8	126
Montreal, Que.	Halifax, N. S.	802.1	126
Montreal, Que.	Tignish, P. E. I.	793.6	131

Similarly, in connection with west-bound class rates as indicated below:

From	To	Mileage	1st. Class Rates
Summerside, P. E. I.	Toronto, Ont.	1056.6	126
Halifax, N. S.	Toronto, Ont.	1132.9	126
Tignish, P. E. I.	Toronto, Ont.	1124.4	131

Tignish is at the northern extremity of the outer zone, west of Summerside, (on the other hand, Elmira P.E.I., is the eastern extremity of the outer zone, east of Charlottetown, and is only 1/10th of a mile more distant than Tignish from and to points referred to above).

Thus the existing groupings prejudicially affect producers of potatoes, in the so-called outer zone in that the producers are at a rate disadvantage of varying amounts per bag, depending upon the destinations in Canada and the United States, compared with producers in the inner zone. Illustrative shipping points for potatoes in the outer zone are Georgetown, Murray Harbour, O'Leary, Vernon River and Elmsdale; while on the other hand, illustrative shipping points in the inner zone are Albany, Newton Siding, Summerside, Hunter River and Charlottetown.

The rate disadvantage of producers in the outer zone vis-a-vis producers in the inner zone are manifest in the case of shipment originating at Georgetown (outer zone) and Newton Siding (inner zone), destined to Harlem River, New York, as of February 4th. The rate from Newton Siding to Harlem River is 85c per 100 lbs., exclusive of the Ex Parte 168 increase of 6%, and from Georgetown to Harlem River 89c per 100 lbs., exclusive of the Ex. Parte 268 increase of 6%. It is to be noted that the existing rate on potatoes from Halifax to Harlem River is also 85c per 100 lbs. (exclusive of the Ex Parte 168 increases) for a distance of 27.5 miles greater than from Georgetown. The difference in the rate per sea in this instance is 4c per 100 lbs. As producers in the outer zone must pay, in ad-

dition, higher rates in respect of fertilizers, sprays and other materials which enter into the production of potatoes, the resultant disadvantage is accentuated more than is revealed in the freight rates on the potatoes produced.

Rates on shipments from other originating points to other destinations, indicate additional differences in rates as between the so-called inner and outer zones. It is to be noted that these differences have been the cause of complaint for many years and on a number of occasions they have been the subject of discussions with officers of the Canadian National Railways with the object of effecting equalization between the inner and outer zones.

It is well known that the production of potatoes constitutes one of the principal industries, if not the most important, on Prince Edward Island. In this connection the acreage planted in 1948 totalled approximately 50,000 acres, divided between the inner and outer zones as follows—Inner, 20,500; outer, 29,500, or approximately 44% greater in the outer zone. The acreage of seed potatoes entered for inspection in 1948 amounted to 38,754, as compared with a total for Canada as a whole of 69,969.12 acres. In the shipping season 1947–48 there were shipped via rail and car ferry 4,848 carloads from the inner zone as compared with 4,025 carloads from the outer zone, or approximately 17% less than the inner zone.

The potato shipments from Prince Edward Island for the season 1947–48 totalled 116,350 tons, distributed as follows:

To Canadian points	—88,900
To United States points	—17,800
To Newfoundland	— 7,200
By truck to mainland points	— 2,450

This information and that pertaining to potato movements based on reports obtained from official sources.

It is roughly estimated that the population of the inner zone of Prince Edward Island, including the City of Charlottetown and the Town of Summerside, is approximately 41,000 as compared with the mostly rural population of the outer zone totalling about 55,000. Yet this Island of approximately 140 miles in length, constituting one economic unit, has been divided generally into more than one zone in respect of the rates contained in tariffs listed in statements marked “B” and “C”. It is submitted that this division in itself constitutes unjust discrimination under the Railway Act, and therefore all points in the outer zone, whether on a main or branch line, within the same mileage group as compared with the mainland should be given the same toll, and it is contended that it is unjust discrimination to make different tolls against points in the same mileage group.

A further example of the discrimination of the dual zoning is illustrated by the table of rates within the Maritimes:

ZONE RATES FOR EXPORT POTATOES, CARLOAD LOTS, FROM P. E. ISLAND TO WEST ST. JOHN, N. B. A great many potatoes are shipped

from Prince Edward Island to West St. John to be taken by steamer from that port to their ultimate destinations. The following export rates in this connection are taken from a letter written by Mr. L. J. MacDonald, Div. Freight & District Passenger Agent, Canadian National Railways, Charlottetown, P.E.I., under date of November 4th, 1948:—

Borden to Summerside and Charlottetown inclusive	17c
St. Eleanors to Port Hill inclusive	17c
Ellerslie to Bloomfield inclusive	18c
Piusville to Tignish inclusive	19c
Charlottetown to Mt. Stewart Jct. Inclusive	17c
St. Andrews to Bear River inclusive	18c
New Zealand to Souris and Elmira inclusive	19c
Pisquid to Georgetown inclusive	18c
Charlottetown to Uigg inclusive	18c
Grandview to Murray Harbour inclusive	19c
Lake Verde to Maple Hill inclusive	18c

It should be noted that the 17c rate quoted in the area from Borden to Summerside and Charlottetown inclusive is on the area which is entirely the centre zone referred to above, in the case of potatoes for export by rail to points beyond the Maritime Provinces. The second 17c rate, St. Eleanors to Port Hill comprises a short area in one section of the outer zone, and the third 17c rate comprises another small section of the outer zone area. It must be noted that the 18c rates and the 19c rates all apply to areas in the Outer Zone sections referred to above. The result is, that those in the 18c area pay around \$4.50 more, and those in the 19c area pay from \$9 to \$10 more per car of potatoes shipped to St. John for export. In view of the fact that the total railway mileage of P.E. Island is only 286.10 miles, and that the point of exit is about in the middle of the province, it is unfair that these rates should exist; they should all be on the 17c level.

The importance of our potato crop and its export disposition has already been set forth.

Individual shipper protests as to the inequity of the dual zoning are exemplified by the following excerpts from prepared statements:—

O'Leary Farmers Cooperative Association Limited, February 15, 1949

"We feel that because we are an island, with only one port of entry, which is at or about midway between the two terminals, Tignish in the west and Souris in the east, the setup is, to say the least confusing as well as unfair to the importers and exporters in the outer Zones because of higher rates on all commodities, more especially potatoes. Our shippers are discriminated against by not being able to make sales during period of keen competition and by being at a decided disadvantage at all times."

Clarke Brothers, Mount Stewart, February 26, 1949.

"When we went to sell potatoes we frequently were told that firms nearer Borden enjoyed a lesser rate. As we would find, we were unable to compete and make money when shipping by rail to places like Halifax or Sydney as against prices offered by other shippers west of here. We do ask that the matter be pressed for an equal rate for all P. E. Island, that is, make all P. E. Island the same zone for both incoming and outgoing freight in carlots to or from mainland points. We cannot see anything unreasonable in such a request."

Canada Packers Limited, February 25, 1949.

"If the practice of selling potatoes F.O.B. P. E. Island were ever adopted, one could well imagine the confusion that would arise in lower import markets such as obtain where the difference in freight between the inside and outside zone on a 700 bag car of 755 is \$26.43".

Similar protests have been included in many of the statements from shippers and others in relation to the incidence of Horizontal increases.

It is submitted that the reductions of the rates from the Outer Zone to the level of the rates in the Inner Zone would not be inconsistent with the Maritime Freight Rates Act, and that the identical economic characteristics of both the Outer and Inner Zones justify the recommendations for one zone in order to remove the inconveniences, confusion and indeed, the discriminations that are rampant today. Moreover, the volume of traffic, both originating from and destined to the Outer Zone vis-a-vis the Inner Zone, also supports this recommended equalization.

(d) Combination of Rates within the Maritimes.

Prince Edward Island is particularly interested in an extension of joint through rates to destinations in the Maritimes to reflect suitable adjustments for the greater distances involved. While the Canadian National Railways and some of the other Maritime railroads provide the proportional rates on interchange traffic destined to points on connecting lines—thus modifying the effects of straight line combinations—the existence of joint through rates are the exception rather than the rule. It is submitted, therefore, that for the encouragement of greater trading between all sections of the Maritimes joint through rates should be extended. While there exists some doubt as to the powers of the Board of Transport Commissioners to establish joint through rates subject to the Maritime Freight Rates Act (See 34 C.R.C., 223) it is recommended that if there exist any restrictions under the Act to facilitate such arrangements amendments should forthwith be made.

(e) Routings between the Maritimes and Other Sections of Canada.

Any alternative routing privileges via Saint John which existed prior to the Maritime Freight Rates Act from points on Prince Edward Island to stations west thereof in Canada should be re-established. As this would involve amendments to the Maritime Freight Rates Act in the light of the judgment of the Supreme Court of Canada, dated December 16, 1926 (1928 S.C.R. 106) it is recommended that the necessary changes be effected.

The right to enjoy routings via Saint John was one of long standing, and it is impossible to suppose that in the passing of the Maritime Freight Rates Act there was any intention that this right should have been removed.

PART TWO

SPECIFIC RECOMMENDATIONS

1. SUMMARY OF SUBMISSIONS

The Province of Prince Edward Island in the foregoing statements has outlined the economic and geographical disadvantages under which it finds itself in relation to transportation services. Where the references were available, the sources have been indicated so that the members of this Commission might themselves verify their accuracy, and all other particulars will be fully established by the evidence tendered and testimony given at the Regional sittings.

In Historical Outline we have indicated the events and pronouncements preceeding the entry of this Province into Confederation. In considerable detail its geographic isolation and the essential features of its economy have been presented. The paramount necessity of adequate and continuous communication with the railway system of Canada has been developed, not only from the point of view of the complete dependence of this Province on transportation services for its very existence, but also as a contractual right guaranteed under the Terms of Union with the Dominion of Canada.

The extent of railway and ferry services, and the administrative and operational handicaps to their effective use as a means of provincial development within the framework of a national economy which political union diverted from its natural course, has been demonstrated.

Where inequalities, anomalies and discriminations have occurred in the practical application of freight zoning and tariffs, these have been pointed out and more equitable bases suggested. The incidence of horizontal freight rate increases on our long haul traffic, both import and export, and its effect on our agricultural production has been the subject of detailed submission.

A comprehensive review of the transportation agencies and facilities has been included, as Prince Edward Island presents, geographically, a logical area for the complete coordination of all means of transport in the handling of mails, freight and passenger traffic.

Our studies show that the augmentation and expansion of our provincial income is limited practically to (a) the tourist business; (b) fisheries; and (c) the development of agricultural production and extension of markets. For all of these, the importance of facilities for the prompt and efficient handling of passengers and freight at reasonable rates has been stressed.

Some solution for the outstanding difficulties of transportation militating against the development of the Province must be sought; and especially in respect to the following matters; (a) The inadequacy of carferry services; (b) The administration of the car ferries, docks and terminals; (c) The bottleneck at

Borden in the handling of freight, trucking, passenger and tourist traffic; (d) The slow movement of L.C.L. freight; (e) The intolerable delays in the handling of passengers and mails; (f) The physical condition of railway road-bed and equipment productive of such delays; (g) The anomalous zoning and freight rate inequalities and discrimination; (h) High freight and express rates and the prejudicial effect of horizontal increases; (i) The practical maintenance of the benefits of The Maritime Freight Rates Act; and its application eastbound to Machinery, equipment and supplies for the development of the primary industries of agriculture and fishing; (j) Harbour improvement, and (k) Coastal Shipping.

The Government of Prince Edward Island realizes that this presentation is not necessarily exhaustive of the disadvantages under which we suffer and that the relief sought may be not more than palliative of the conditions. It has not sought to offer suggestions in relation to all the matters within the scope of the Commission Inquiry. It does, however, strongly urge that the following submissions be recommended for adoption in regard to the specific transportation problems of this Province.

2. SPECIFIC SOLUTIONS RECOMMENDED

(a) A Second Carferry

The geographic isolation of this Island Province, the complete lack of large marketing centres within its borders for the consumption of its agricultural and fisheries products, and its entire dependence on imports for all manufactured products essential to its existence and the maintenance of its primary industries, make the provision of adequate transportation facilities of paramount importance.

The sole rail connection between the Province and the railway system of Canada is the Carferry Service between Borden and Tormentine. As we have indicated the operation of this service depends upon the continued and efficient functioning of the M. V. Abegweit, with the old carferry S. S. Prince Edward Island substituting during drydock periods and supplementing the other in periods of congestion.

The liability to provide efficient steam service between the Island and the mainland of the Dominion, winter and summer thus placing the Island in continuous communication with the Intercolonial railway and the railway system of Canada, was assumed by the Dominion as one of the terms under which this Province entered the Union. It was not until 1917 that any attempt was made to fulfil this contractual obligation.

At that time a rail ferry service was inaugurated and the S. S. Prince Edward Island made regular winter and summer crossings. By 1926, when the Dunca 1 Commission sittings were held, freight traffic had increased from an estimated 10,125 carloads in 1918, to 15,702 in 1921, the first year that definite figures are available, to 21,592 in 1925. Truck traffic at that time was practically nonexistent.

The Duncan Commission in its report at page 27, referring first to the terms of Confederation, and then to the conditions at the time, stated:

"The present car ferry affords a much improved service as compared with that which the Island formerly enjoyed, but in recent years traffic and freight have considerably increased, and will continue to increase, particularly at certain seasons of the year. When the present ferry steamer was constructed, it was not contemplated that there would be motor traffic to be taken care of, and the arrangements at the piers are, from the point of view of this traffic, very unsatisfactory. There have been many complaints from visitors and tourists."

The Commission recommended the supplemental provision of a second car ferry.

This report was implemented first by the S. S. Charlottetown and, after its loss, by the present boat the M. V. Abegweit.

The principle was thus established that the provision of adequate ferry service should be based, from time to time, on the current requirements of the province. This principle was recognized by the Sirois Commission in 1938, when it stated that conditions at that time indicated that a reasonable ferry service had been provided and reasonable improvements made from time to time.

The situation today is far different from what it was in 1925 or in 1938.

In 1935 the number of railway cars ferried over the Borden—Tormentine route was 24,657; in 1947, the total reached 49,312 and in 1948, 52,620. These figures include passenger, express, freight, and baggage cars; loaded cars crossing on the ferry in 1938 were 14,871; in 1948 the total reached 29,929, more than twice as many.

As we have indicated earlier, of the 1948 total, 12,083 carloads represented our exportable surplus, of which 78.87% were agricultural products. The remaining 17,846 carloads were our imports of groceries, fuel, feed grains, builders supplies, agricultural machinery, drugs, clothing, boots and shoes, in fact all the necessities of life and means of production. All these must enter the province through the railway ferry route.

To maintain our whole economy we depend on one ferry, the M. V. Abegweit, with the 33 year old S. S. Prince Edward Island as a standby. The breakdown of either boat while the other was in drydock would spell ruin to the Province.

But the above only reveals one feature of the traffic dependent on the adequacy of the ferry service. Passenger traffic on the ferry has increased from 126,712 in the year 1942 to 185,240 in 1948. The number of automobiles ferried has increased from 4,296 in 1926 to 45,698 in 1948, a growth of over 1000 per cent.

The tourist industry has developed into one of our major enterprises and is responsible for the addition to our provincial income of an amount slightly

under \$3,000,000 per year; and this is one of the few sources within the framework of our provincial economy capable of expansion. The provision of a second ferry to provide an adequate shuttle service across the Strait is a **must** if our tourist trade is to be maintained and developed.

The steady growth of truck traffic over the ferry has already been outlined. In 1944, a total of 535 trucks were carried;—in 1948, the number had grown to 4,240, an increase of 800 per cent.

The Province submits that on the basis of current needs, an additional carferry capable of handling freight, automobiles and trucks is **imperatively required**. As a means of maintaining our current production, as a safeguard against disastrous consequences to our agricultural industry in case of a breakdown of the present facilities, and as an instrument in the development of our trade and tourist traffic, it is of vital importance.

The Government of Prince Edward Island cannot too strongly stress the urgency of our need, and urges the most favourable consideration by the Commission of its submissions in this regard.

(b) The Operation of the Carferry Service by the Department of Transport or by an Independent Commission

The Duncan Commission felt that the carferry service by reason of its association with railway accounts did not get the attention it should receive.

In Part One of this brief, dealing with Prince Edward Island Carferry Operations, we have shown how railway administration adversely affects the use of this service as an instrument of National Policy in the development of Island industry and enterprise. The tendency to treat traffic offered in the light of how it might affect railway revenue has been shown both by the pronouncements of its administration, and the factual evidence presented in respect of rates.

The statement of a Vice-President of the Canadian National Railway that "We as a railroad, cannot overlook the fact that in reality every automobile we handle on the ferry is in competition with our own rail route" is one concrete example. The argument of Mr. A. A. Dysart K. C., in The Truck Rates Case, that the Canadian National must manage the Ferry service as "prudent administrators who should make every reasonable effort to meet operating expenses" and at the same time, as ferry operators and agents for the owner the Department of Transport, charge \$16.20 for four 5-ton trucks with a weight of 12 tons, occupying the same ferry space as two empty railroad cars weighing 60 tons for which no charge is made, is another example.

The Government of this Province points out that, by the terms of Union with Canada, the Dominion Government was to "Assume and defray all charges"

for this service. Its fundamental purpose of providing transportation to the people of this province must not be lost sight of by its association with railway attitudes and practice in administration.

As has already been submitted, while at one time the service was predominantly rail the development of other forms of transportation has considerably altered the situation. Today, the carferry instead of being a rail service, is a transportation service—a situation which lends itself to independent operation in the public service.

The Province therefore submits that the ferry service should not be the responsibility of the Canadian National, but a public utility administered either by a department of Government or an independent Ferry Commission. The Government further submits that, in accordance with the contractual obligation of Canada, it should be maintained and operated free of charge, as a compensation for geography and as an inter-provincial connection on the same basis as a national highway. The separate administration should note the paramount importance of co-ordinating ferry services so as to facilitate the freest movement of rail traffic. With an additional ferry these schedules should present little difficulty. The matter of charges for running rights on the ferries to the railway could be a matter of agreement, but in the view of the Government of this Province, these also should be free of charge in order to implement in full the Confederation Compact.

(c) Zoning on Prince Edward Island

The establishment of two freight zones in Prince Edward Island has been a definite handicap to our shippers and primary producers. Geographically and economically, the province is a single unit.

The fact that the sole rail port of exit lies near the centre of the Province makes it inequitable that producers in any one section be subjected to rates different from those in adjacent districts within the same general area. The inability to quote equivalent prices for the same product in the same market creates confusion and is definitely a discriminating rate against producers in the outer Zone.

Individual producer and shipper protests have been submitted for consideration. Basically, no sound reason exists for creation of an Inner and Outer Zone subject to different freight rates, as has been shown in the section of Part One dealing with Zoning in this Province.

The Government of Prince Edward Island therefore urges the recommendation by the Commission of one freight Zone on the Island based on the rates applying in the so-called Inner Zone.

(d) The Maritimes Freight Rates Act

The discrimination against long haul traffic in this province due to the application of the horizontal freight rate increase of 21 per cent granted by the

Board of Transport Commissioners in the 30 percent case, on March 30, 1948, has been demonstrated in the section of Part One dealing with Horizontal Freight Rate Increases.

The fact that the greater part of our export and import trade is all long haul bears heavily on the primary producers and consumers in this outlying Province. The net return to the producer is much less than that of a producer nearer the large marketing centres of Canada. This discrimination is further accentuated in Prince Edward Island by the fact that all the essential requirements entering into the cost of production must be imported by long haul traffic from the same central areas, whose primary producers enjoy the advantages of short haul to markets.

The Province of Prince Edward Island submits that if additional revenues are required by the railways to meet rising costs, some other method of freight increases be sought, or some compensation for the discrimination be provided.

This Province has no large manufacturing Industries. Such small manufacturing as is carried on supplies local needs only and provides no exportable surplus. All the manufactured products entering into the maintenance of our primary industries of farming and fishing are derived from the manufacturing areas of Central Canada and the grain growing Provinces of the west. The extent of these imports and their nature have been indicated.

Increased freight rates therefore increase the cost to the primary producers, as their purchases of farm machinery and equipment, automobiles, tractors, fertilizers, feed grains and fishing equipment and supplies are all long haul originating largely in central Canada.

For these reasons the Government of Prince Edward Island urges that:--

(a) The benefits of the Maritime Freight Rates Act be extended to compensate for the horizontal increase in freight rates, and

(b) In view of the fact that we have no manufactures to compete in Central Canadian markets, and that freight increases on the manufactured articles imported by rail from West of Levis and Diamond Junction further decrease the net returns to our primary producers, the benefit of The Maritime Freight Rates Act be extended to include eastbound traffic from points west of Levis and Diamond Junction on the following articles so entering into our production costs; Agricultural Machinery, Automobiles, Trucks, Tractors, Fertilizers, Fishing Equipment and Supplies.

(e) Rates Structure, Combination of Rates, and Routings

The Government of this Province urges that the inequalities and discriminations, outlined in Part One on the above topics and developed in the Brief submitted by the Transportation Commission of the Maritime Board of Trade, be the subject of revision and adjustment.

(f) Feed Grain Assistance

The importance of maintaining this Assistance for the continuance of our Livestock, dairy and poultry production has been outlined. The disastrous consequences, which would follow its withdrawal, in view of the fact that approximately 50,000 tons of Western feed and feed grains are imported annually, to supplement the feed and grain grown locally, indicates the vital necessity of its continuance.

At a time when the world is in dire need of food, and in one of the few industries capable of expansion in this Province, curtailment would have a serious effect on the future prosperity of our farmers. The dollar value of this assistance is approximately \$500,000 per year in lessened freight rates entering into the cost of such feed. Where the margin of profit is small the difference could well mean the extinction of an industry which now represents slightly more than one-half the farmers cash income.

(g) Newfoundland Trade—

(i) Coastal Shipping

The Government of Prince Edward Island supports the recommendations contained in the Brief submitted, in June 1949, by W. G. Mc L. Daley K. C. of Halifax, N. S., on behalf of the steamship companies engaged in the Newfoundland Trade.

It strongly urges that the suggested application of the Maritime Freight Rates Act and Dominion Government subsidies in absorbing part of the cost of loading and discharging operations in respect of cargo received from the railways be likewise extended to all Steamship Companies operating out of Prince Edward Island Ports engaged in Coastal trade with Newfoundland.

(ii) Subsidized Air Freight

The development of Newfoundland trade is of considerable importance to this Province. Our sister province needs the foodstuffs we produce, particularly, meats, eggs, milk and vegetables. During the open season coastal shipping could adequately maintain the full shipment of supplies. At other times of the year and in emergencies air freight would materially assist in maintaining the trade connections so established. At least in the early stages, Dominion Government subsidies would be necessary for the establishment of such a service. The Province urges the favourable consideration of this matter by the Commission.

(iii) Harbour Improvements

In the development of Newfoundland and other coastal trade, proper harbour facilities are essential. In 1926, the Duncan Commission recommended that in order to assist in disposing of this Province's important and valuable potato crop, considerable harbour improvements were necessary at the ports of

Charlottetown, Summerside, and Georgetown. A survey was recommended, but, except at the port of Summerside, little has been done pursuant to such survey. Other east-coast ports, such as Souris, Montague, and Cardigan, all of which are interested in the shipment of products to Newfoundland, are in need of additional facilities and improvements.

The Government of Prince Edward Island supports the recommendations contained in the Brief submitted by the Associated Boards of Trade of the Province, as to the urgent need for such improvements.

(h) Transportation Problems Within the Province

A description of the railway facilities within the Province has already been given. The character of the road-bed with its succession of heavy curves, the excessive mileage between comparatively adjacent points, the wonderfully intricate pattern of rails east of Charlottetown, the limitation of freight movements over the Hillsborough Bridge, all contribute to a deplorably slow movement of freight, passengers and mails throughout the Province.

The passenger and mail service is further slowed down by the operation of mixed trains. From an economic point of view the railways are justified, for, except during the winter months, passenger traffic is very light.

During the rest of the year passenger traffic moves substantially by automobile and bus, and airmail from the Mainland must be co-ordinated with the schedules of Trans-Canada Airways. On its arrival in the Province, local train movements delay the forwarding process to the outlying centres from which distribution is made by mail carrier service. Thus air mail which travels from Montreal to Charlottetown is a few hours, often takes from two to three days after arrival to reach the addressee living a few miles from Montague, for example, which is only thirty miles by road from Charlottetown. Passenger traffic is subject to similar delays.

The movement of tourist passenger traffic from Sackville to Prince Edward Island has been deplorably slow. Supplemental bus operations have tended to mitigate the inconveniences, but the lack of a Sunday train service from Sackville to Tormentine accentuates the problem.

The delay in the handling of L.C.L. freight from Sackville to Prince Edward Island has been noted. The time saving that could be effected by use of truck services in ferrying a substantial portion of this freight has been indicated.

The elimination of mixed trains and the co-ordination of bus schedules for the handling of passengers would result in considerable savings to the railways and at the same time enable a more expeditious movement of this traffic.

Arrangements could be effected whereby the forwarding of mails by bus would eliminate many of the inconveniences and delays now experienced.

A similar co-ordination of rail and trucking services would enable not only substantial savings but provide a better service to shippers and primary producers in getting their produce to markets.

Air transportation would provide additional facilities for the adjustment of all forms of transport designed to fulfill its proper function of service and development.

Present transportation facilities in Prince Edward Island have been outlined in detail for the information of the Commission. The Government of Prince Edward Island submits that this Province presents a logical area for a complete co-ordination of all transportation agencies, and suggests that the Commission recommend the establishment of measures designed to ensure co-operative action by the various bodies concerned.

(i) Trans-Canada Highway.

The completion of a Trans-Canada Highway is of paramount importance to the people of Canada. The steady growth of automobile and truck traffic as an alternative to rail and water routes, in the overall picture of national transportation, demands that a through highway of a fixed standard of construction be undertaken.

The piecemeal building by the Provinces of sections of this system, following no defined pattern and with varying types and costs, depending on the ability of the provinces to finance, is not conducive to the best results. The roadway should be of permanent construction, uniform in standard and with the whole costs borne by the Dominion Government. The Provinces could provide their own technical staffs and supervisory personnel as a contribution towards overall costs.

The route should be determined by consultation, bearing in mind the most feasible routes consonant with other transportation services in the general area.

To offset the disadvantages occasioned by the building of Maritime Railways for imperial and strategic reasons, the Government of Prince Edward Island submits that a direct route through Maine to Montreal should be an essential feature of such a National highway.

Extra-territorial rights and policing could be the subject of negotiation between the Governments concerned, and should present no insuperable difficulty.

The need for a Trans Canada Highway in the Province of Prince Edward Island is somewhat different from the need in other provinces in that, being on the end of the line we have no through traffic in the usual sense. We do however have a growing tourist business which needs immediate attention.

We have the world's finest beaches with warm water and miles and miles of clear fine sand. We have unsurpassed pastoral scenery where incredible greens and chocolate reds combine with cosy homes and contended herds to

paint the vivid memories so dear to tourists, and we can guarantee cool nights for sleeping; but.....we have dust.

With more miles of road per capita and a lower per capita income than others, we will always have dust unless we get assistance. We cannot with our limited population and resources build our roads to a standard such as tourists have come to expect. Indeed there are few roads here which would qualify by traffic count for paving except during the tourist season.

Yet pave we must if we are to attract tourists. We can control dust on lightly travelled roads if the trunks are permanently dust free.

The case for assistance on bridges is even more acute financially. As trucks increase in size and as more and more freight is moved by road, the need for stronger and wider bridges becomes more urgent. Yet this province cannot hope to finance alone this enormous cost of rebuilding to meet the new requirements.

Therefore a Trans-Canada highway built to a Canada wide standard is a vital necessity in this Province and may indeed prove to be more important to us than to any other province.

(j) Projected Maritime Transportation Developments.

(i) West Point—Buctouche Ferry.

The inauguration of a Ferry service between West Point on the western coast of Prince County and Buctouche on the east coast of New Brunswick would provide a readily accessible market for the Agricultural products of the western section of Prince County and the adjacent cities and towns of New Brunswick.

A considerable saving in time and transportation costs would be reflected in the net returns to primary producers.

This service would also supply a third alternative point of entry and departure for tourists to the province and especially those from northern New Brunswick, Quebec and Ontario.

The distance from Moncton, N.B., to Buctouche is 30 miles. The length of water route of the proposed service is 18 miles. From West Point to O'Leary, Prince Edward Island, is 10 miles, to Summerside 39 miles.

This route would provide convenient trucking facilities to individuals, farmers and business firms for the disposal of products such a milk, eggs, hogs and poultry in New Brunswick and develop inter-provincial trade.

Since the introduction of this service offers possibilities for improving the economic position of New Brunswick and Prince Edward Island, it should receive every consideration and encouragement.

The Governemnt of Prince Edward Island endorses the submission of the West Prince Board of Trade and of the Associated Boards of Trade of Prince Edward Island in support of this proposed service.

(ii) Chignecto Canal.

The Province of Prince Edward Island joins with the Provinces of Nova Scotia and New Brunswick in their submission as to the economic advisability of construction of the Chignecto Canal.

The prime advantage of the Chignecto Canal to Prince Edward Island would be the substantial mileage reduction by water in connection with the transportation of potatoes, turnips, fish and other exports to United States markets.

Boston would be approximately 223 miles nearer to Charlottetown than the route via the Gut of Canso; New York—159 miles; Portland—430 miles. More notable, however would be the shortening distances for coastal trade. Saint John, N.B., would be 430 miles nearer Charlottetown than was the Strait of Canso; Joggins, N.S.,—598 miles. Souris, P.E.I., would be 253 miles nearer to Portland, Me., and 326 miles nearer to Saint John, N.B.

The shorter mileage to the principal markets, concomitant with lower transportation costs should result in an extension of markets with resultant benefits to Prince Edward Island producers. Moreover, greater trade would undoubtedly be facilitated between points on the Bay of Fundy and Prince Edward Island. Trade between these areas has always been handicapped by distance.

In the Report of the Chignecto Canal Commission, November 9, 1933, King's Printer, Ottawa, (page 33), it has been estimated that, on the basis of saving eight cents a bushel on the cost of moving the potato and turnip exports of Prince Edward Island, over a half a million dollars would be saved per annum on shipping these exports by water through a Chignecto Canal.

Since the construction of the Chignecto Canal offers possibilities of improving Prince Edward Island economically, in conjunction with the Maritimes as a whole, its construction should not be delayed.

PART THREE

A Recommendation for a National Transportation Policy

THE PROBLEM

The Montreal Star of March 21, 1949 said editorially:

"The kernel of the problem now being faced by the Transport Board is "Who is going to pay these bills". They must be paid either by the shipper or from the public purse. There are no alternatives beyond these. Seven provinces declare, and keep on saying, that their freight rates are too high, that they should not have to pay any more. They hint incessantly that the rates in Ontario and Quebec should be higher, and this apparently means that the railways are not now charging as much as they can in Central Canada. It seems improbable that this is so. Railways, like anybody else, pick an honest penny wherever they can. If the rates are lower here it must be because higher rates would drive the freight away from the railways to other carriers.

"If it is impossible financially for the railways to raise rates in Central Canada, and unfair to raise them in any of the other seven provinces, the bills will still have to be paid. Materials must be bought. Labor must be paid. The conclusion must therefore be drawn that the attitude of the protesting provinces is fundamentally that the public treasury should foot the bills. It is a pity that this is not more clearly brought out at the hearings where red herrings lie knee-deep. If seven provincial governments are advocating socialization of railway transport, let us have that fact clearly brought out. Then we will know where we stand."

The ink was hardly dry on the Judgment of the Board of Transport Commissioners in the 30% Case, (March 30, 1948), when a fresh application was launched, (July 27, 1948), known as the 20% Case. The argument in the last-mentioned Case was concluded on the day preceding the initial preliminary session of this Royal Commission. And, as Mr. O'Donnell pointed out in his argument in the 20% Case (page 4215):

"Mr. O'Donnell: We might have to come here again. Back in November 1947 I did not know that we were going to come back here again today.

"The Chief Commissioner: Can you give the Board any indication if you are coming back again?

"Mr. O'Donnell: I cannot at the moment."

And earlier at page 4183:

"Mr. O'Donnell: The Railways, on the other hand, I think, can very reasonably come forward with another application. That is what happened across the line—three or four applications were made within a relatively short time."

the threat of further and other demands and applications will continue.

At such a moment in Canada's history this Royal Commission was appointed.

If, at the conclusion of the studies of the Commission, and after such remedial recommendations are reviewed as the Commission may be advised, it is seen that the railway will yet be unable to furnish adequate national service without perpetual and continuous rate increase applications; if the reasonable requests and submissions of this Province and of the other Provinces may not be met with justice to all,—railways and citizens alike—the Government of Prince Edward Island submits that amalgamation of the railways of Canada under Government ownership is the only alternative solution. The Canadian Pacific Railway must, in that event, be acquired by the Dominion of Canada. The belief in the efficacy of the doctrine of *laissez-faire* will have vanished.

Growth of State Control

There is no English word to express a "*bouleversement*", for the simple reason that a complete *bouleversement* of the existing state of things is alien to the British temperament, a temperament passionately attached to precedent. Yet the doctrine of *laissez-faire* began to disappear from England over a century ago. The Factory Act of 1833 provided an inspectorate to enforce the laws against child labour. At first it meant only State control of certain industries to prevent breaches of the law, but gradually the scope of control was extended until, long before the advent of socialism, the conditions of work in all industries not merely for children but for women and men were State regulated and controlled.

State regulation has gone further in its Workmen's Compensation Acts, its Old Age Pensions, and the multitude of its social and welfare laws. Such elaborate details serve to indicate how far we have travelled from the period when it was considered almost revolutionary to prohibit a child under nine from working in a factory. We have progressed as far in relation to transport; it is a long cry from the turnpike trusts to the modern streamliner.

The British tradition of leaving everything to individuals led to the formation of the turnpike trusts whereby the roads of England were, during the eighteenth century, built by individuals who were empowered to charge tolls to the users of the road. (There were still 854 such turnpike trusts existing in 1871, and the last toll was levied in 1895.) Transport was a business like any other, and a Government had no concern with business undertakings except to prevent abuses.

With this tradition of private unco-ordinated enterprise in roads it was only natural that the railways when they came should follow a similar line of development. Transport was a private enterprise and not a national affair. And, perfecting the illusion, the railways of Britain were thought to be another kind of road, of which the railway shareholders were only to be toll-takers; people ran about over the railway lines with their own little locomotives and cars as freely as barges move about on a canal or carts and buses on a road.

By the middle of the nineteenth century, it had become obvious that the railways must become common carriers and that consolidation of all the scraps of lines should take place. But Parliament believed in *laissez-faire* and although nervous, tentative feelers were put out to see what might be done, these feelers were hastily withdrawn. A new department of the Board of Trade was set up, but was given no powers. Parliament seems to have instinctively realized that the railways were going to be a great factor involving State control and they would not face it. Control must take place but it must be wrong if it is control was their attitude.

The new era of State intervention of which the railways became the touchstone was ushered in by the usual trouble about amalgamations and the consequent fear of monopoly. Nevertheless, the chief characteristic of railway development in Great Britain between 1873 and 1894 was the progressive intensification of control of the railways by the State. The State was forced to intervene when a great railway strike took place in 1911 and again the question of State control became urgent. How could these big transport agencies be best made to serve the national interests in the matter of trade? When war broke out in 1914, the question of the nationalization of British railways had become a burning one. And there has been the same trend in this country.

Col. William J. Wilgus (*The Railway Interrelations of the United States and Canada*, 1937) states at page 282:

"Public ownership of railways, nationally consolidated, thus being deemed to be unescapable in the long run, it is not to be assumed that public operation necessarily is to follow. The device known as the "public authority", when properly constituted, has been found by experience to be admirably adapted to the efficient and honest direction of public enterprise; and cooperative railway management, too, offers promise of the attainment of the same end with justice to investors, employees, shippers, the localities served, and the country at large. There is even the possibility that private operation of the publicly owned property might be resorted to under suitable safeguards in the interest of all concerned.

"The precise way in which to meet the situation, whether by one of these methods or some other, obviously calls for dispassionate consideration now. Otherwise, the continued pursuit of our present policy of *laissez-faire* will sooner or later bring us face to face with a crisis for which we will be totally unprepared."

And Col. Wilgus is quoted with approval by Mr. Lesslie R. Thompson (*The Canadian Railway Problem*, 1938) at pages 874-8:

"The author believes that the greater number of students of North American political and social conditions would agree that, over the last 30 or 40 years, there has been for good or for ill a steadily increasing trend toward the public ownership of railways. But whether or not the majority of other students would concur, the author as a result of his own observation and reading in this particular field, has reached the conclusion that irrespective of its merits the public ownership of rails in North America is coming to pass. Let it be made quite clear that the author is not here arguing the merits of such a trend, he is merely stating his belief in its existence. For the moment it is quite unnecessary to discuss why this is so, or how or when such public ownership will be established.

"Perhaps, however, the key to the fundamental reasons for his belief that the public ownership of rails is inevitable may be understood by considering a few of the following points which appear to impinge more and more forcibly on the North American mind. These points now follow:—

- "(a) In the last quarter-century the status of rails in North American society has altered profoundly. This is proved in Chap. IV. One of the deductions from such a fact might easily be that rail policies (e.g., Government ownership) of dubious or even of dangerous import to society when rails were unique may perhaps become riskless or beneficial when rail is merely one of several alternative forms of transport possessed by society.
- "(b) The pioneer and almost majestic stage of rail development is past, and it is not improbable that rails are slowly moving from a phase where high degrees of imaginative action and of vigorous initiative were necessary toward and into a phase where administrative skill is or will shortly be the keynote of rail success.
- "(c) Democratic Governments in their very nature are neither designed for nor characterized by high degrees of imaginative power, initiative, and bold advance—qualities which undoubtedly were necessary for the frontier and expanding era of railways. Democratic Governments, however, under proper forms of administration, have sometimes demonstrated themselves to be highly skilled in the discharge of administrative tasks involving a constant and understanding appraisal of what constitutes the public interest. If, therefore, rails have passed from the frontier to the administrative phase, it is not unreasonable to place them under public administration.
- "(d) It is obvious that if railways are to continue to meet the needs of United States and of Canadian transportation, new capital will be constantly required for extensions, improvements, rolling stock, and other capital facilities. This future capital can only come from two sources, the Government or the owners of private capital. But private capital is only likely to seek investment when there is a reasonably sure return. But, due to the conflict between, on the one hand, rising operating costs and taxes upon railways, and on the other, a constant and strong demand for reduction in freight and passenger rates, it becomes increasingly evident by examining the financial record of North American rails over the last three decades that the return to the private investor has been declining. Indeed, since 1931 it has disappeared in many instances. If this decline continues, then ultimately no more private capital will be invested in rails. But, as rails must have capital, the only remaining source is Government funds. This means obviously and ultimately Government ownership. If the premises of this brief statement be true, there is no escape from the conclusion.
- "(e) To many thoughtful minds the idea of a privately owned rail highway is not consonant with the almost universal acceptance of the idea that other routes, such as lake, river, or canal highways, must be 'publicly' owned, and that roadways and streets, also regarded from time immemorial as of deep public concern must also be owned by the general public, even though the same public may tax the users of these highways for their upkeep. The only essential difference between railways and other forms of highways is that for the sake of safety one rail highway must be under one unified operating control, whilst in the other instances the private owner is free to operate his own vehicle. Hence, to many observers, the privately owned railway from a philosophic point is inherently as unnatural today as a privately owned road or river, if and when used for public transportations. If the already made

public decisions are right in regard to roads, streets, lakes, rivers, and canals, then the decision in favour of private rail highways is difficult to conceive as being in the public interest, even though operating difficulties demand a different method or manner of safeguarding the vast public rights involved.

“(f) The intimate and direct relationship between railways and the general social welfare is obvious to any student. Transportation is of immense importance to the economic development of any country. This relationship may express or has already expressed itself in North America by the control of freight rates, promotion of immigration, policies for new rail construction, policies for expanding external trade, and so on. In the early days of railways this relationship between rails and the State was not realized, and a policy of complete *laissez-faire* was permitted. Near the close of the nineteenth century, however, governmental authority intervened and in the public interest took control of freight rates. But, up to the present, public authority still permits, for example, rail construction policies and certain promotions of immigration to be dictated in large measure by shareholders. Some times the interests of the shareholders are believed to be at variance with those of the country. Hence many observers feel that the next logical step in the social development of rails is that for the private ownership of rails there must be substituted Government ownership, which would involve a more complete social control of a utility fraught with such profound consequences to the growth of a nation. This view would be held quite irrespective of secondary and tertiary issues such as relative efficiencies of private vs. Government ownership and/or management.

“(g) All these observers looking at the problem from its broad philosophic point of view regard such questions as the relative efficiency of private and Government ownership, and the relative efficiency of private or Government operation as being somewhat beside the mark. They would probably aver, if pressed for a statement, that the losses which might be brought about by decreased operating efficiency would be more than compensated for by gains in other directions in the general national economy.

“The writer wishes to guard clearly against the charge that he is here pleading for Government ownership. This is not the question. He expresses at this point no opinion on the question *per se* of the merits of government vs. private ownership and/or operation of railways. All that he has set out, as clearly as he can state the fact, is that he believes there is an ever strengthening trend in North America toward the Government ownership of rails. When that trend may reach its culmination in national action is, however, in the realm of prophecy and not essential to speculate upon in this study.

“For what it may be worth the writer submits the view that, although he believes Government ownership of all rails in Canada will ultimately come, he also believes that the time for such a decision is not now at hand. In his judgment present circumstances do not yet require, warrant or permit such important action.

“Perhaps these few words on the trend towards Government ownership can best be closed by quoting briefly from an important utterance of Joseph B. Eastman, the U. S. Federal Co-ordinator of Transportation, concerning whose authority on transportation matters, the author refers briefly on p. 884.

“CONCLUSIONS

“Theoretically and logically public ownership and operation meets the known ills of the present situation better than any other remedy. Public regulation of a privately owned and operated industry, reaching deeply into such matters as rates, service, capitalization, accounting, extensions and abandonments, mergers and consolidations,

is a hybrid arrangement. When an industry becomes so public in character that such intimate regulation of its affairs becomes necessary, in strict logic it would seem that it should cease to masquerade as a private industry and the Government should assume complete responsibility financial and otherwise.

"While there are dangers incident to any governmental undertaking, so there are to any private undertaking and to any private-public undertaking. The history of the American railroads is proof enough of this fact. There is reason to believe that many of the dangers which are ordinarily seen in public ownership and operation can be brought under control if suitable precautions are taken. I incline to the belief that such ownership and operation will be the ultimate solution of the railroad problem. However, if and when that time arrives, the impelling motive will probably not be logic or theory, but the practical one that private enterprise and capital will not be able to carry on successfully. That has been the general experience.

"Nevertheless, I am not now prepared to recommend resort to public ownership and operations." (Remainder of this paragraph not quoted).

The trend, then, in the English speaking countries on both sides of the Atlantic has been and is from private to public ownership. There has been no sharp line of demarkation between the two forms of ownership in Canada. In so far as the Intercolonial Railway is concerned, G. P. de T. Glazebrooke, in his *History of Transportation in Canada*, says (page 209):

"It is a somewhat remarkable fact that it was not until after construction had begun that a decision was reached as to whether the railway should be under public or private management. As late as the end of 1870 Macdonald still apparently contemplated having the Intercolonial operated by the Grand Trunk."

And at page 211-2:

"Unfortunately there is no means of knowing whether Macdonald clung to the idea of operation by the Grand Trunk, or whether he changed his mind. One would imagine that the cabinet was divided on the subject, for Howe had been a staunch upholder of public operation of railways, while Cartier had a close association with the Grand Trunk. Whatever may have been the decision of the cabinet, the decisive action was left to the succeeding administration under Alexander Mackenzie. Since the Liberal government contained influences hostile to the Grand Trunk, it is not surprising that the earlier scheme was abandoned in favour of governmental operation—a policy which was in any case probably more acceptable in the Maritime Provinces."

And at page 214-5:

"The building of the Intercolonial was neither the first nor the last step made by governments—before or after confederation—to meet the peculiar transportation needs of Canada. Like roads, canals, and other railways it has borne upon the taxpayer, and like them it has had compensating advantages in indirect ways. No balance can really be struck where such diverse factors exist at once. Nor was the Intercolonial the first or the last railway to be subsidized by the taxpayers. And while its history throws much light on public ownership, it no more proves that public railways cannot pay than the periodic collapses of the Grand Trunk prove that private railways cannot pay."

And regarding the Canadian Pacific Mr. E. B. Biggar, in the "Canadian Railway Problem", says at page 100:

"In the minds of many people a legend has grown up around the Canadian Pacific Railway, that this is a great national work forming in some way an arch in the structure of the British Empire, but yet that it was a self-created institution, or at least that it was the product of the money put into it by its private owners. A few facts will correct this misconception. The actual beginning of construction work on the system was in 1874, and during the four years of the Mackenzie administration, and for over a year after the return of Sir John Macdonald to power in 1878, it was carried on as government work. When the government in 1880 handed over the work to the Canadian Pacific Syndicate which was succeeded by the Canadian Pacific Railway Company in the following year, the company received as a gift 710 miles of line in various stages of construction, which had cost \$30,818,414. Then the government gave it a cash subsidy of \$25,000,000 and 25,000,000 acres of land; with exemption from duty on most of the imported materials of construction, the government granting lands for right of way; with perpetual exemption from taxation on its property; and later on when the company came back for more help, loans and guarantees of interest costing the country \$35,000,000 to \$40,000,000 were made. Bonuses were given to the Canadian Pacific Railway short line to the Atlantic—which had the effect of taking away much of the revenue from the government's own line, the Intercolonial—amounting to three or four millions. The company started out with the ambition of monopolizing the traffic of the West, and to this end got the government to consent to refuse a charter for twenty years to any line south of its main line except in a south-westerly direction; (Agitation in Manitoba in the eighties forced the surrender of this feature of the monopoly, but at a cost to the people of a money guarantee amounting to \$25,000,000 in bonds running for half a century,) and with the same object they got possession by various means of a number of independent local lines that had meantime been built. Some of these lines were bought on the bargain counter, some of them taken over in a state of insolvency, but all of them having previously been aided by cash subsidies, by gifts, by land grants, or by loans, some of which were never repaid."

Canada and the United States alone of all the major countries of the world retain private ownership to any large degree (with the exception of Abyssinia, Haiti, Spain, Luxembourg and a few small South American countries.) And in Germany, before the first war, one-third of the total expenditure of the State was provided by the surplus profits of the State-owned railways, whose total receipts amounted in 1908 to 2052½ million marks. The "Sunday Times" of 23rd February, 1908, a paper of which Mr. A. E. Davies in his *Nationalization of Railways* says not even its bitterest enemy could accuse of being "socialistic", calls these results in Germany—

"Not an unfavorable balance, and mainly due to the timely nationalization of the railways. No doubt the railway problem presents itself in different forms in the various countries. But a study of the results of State Railway administration in its classic home is not without teaching some useful lessons."

Mr. W. M. Ackworth, who, as a member of the Drayton Commission, in 1917 "came reluctantly to the conclusion that, in spite of past history, a great extension of Government ownership was unavoidable", states, in his *Historical Sketch of State Railway Ownership*, one of the reasons why Governments go into the railway business, (page 7):

"With the idea of procuring for their citizens better conditions (lower rates, greater facilities, more impartial treatment, etc.) than private enterprise has given or is expected to give."

And Mr. Ackworth concludes, (page 104):

"Some day perhaps, having learned wisdom by experience, a Parliament and a people may recognize that management for the people is not necessarily management by the people; that there are other branches of government, besides the judicial branch, unsuited for popular interference; and may establish a permanent State railway organization, with its own board of management, with its own separate budget, and entirely independent of Parliamentary control, but controlled, where necessary, like any private company, by a judicially minded Railway Commission, required also like a private company to earn a dividend for its stockholders, the people. And then a main objection to Government railways in a democratic State will have lost its force."

In "The Canadian Railway Problem", Mr. E. M. Biggar quotes Mr. Ackworth; (page 244-5):

"Mr. Ackworth himself, in his book "The Railways and the Traders", summed up the world movement in railways in these words: "From China to Peru, the nations of the world have, after somewhat more than half a century's experience, finally decided either that their governments shall own and work their railways, or at least that, in return for a generous measure of state support, their railways shall accept an equally ample measure of state control." In a later work he wrote: "The conclusion, therefore, that I most reluctantly arrive at is that we (Great Britain) cannot go on as we are; that there is little hope for the establishment of an adequately and clearly thought out system of state control, and that, therefore, the only alternative—state ownership—is inevitable. I can see on the political horizon no force to stop it."

Subsequent events have proved the foresight of this quotation, and it is noteworthy that the British Conservative Party has in its "Industrial Charter" (May 1947) declared that it will not reverse the nationalization that has already been instituted in Great Britain but hopes only to administer the plans more efficiently and with some slight qualifications.

Scarcely would anyone ascribe the term "socialistic" to the magazine "Fortune", and in its current (June) issue we find the following:

"The railroads' other main argument is the sounder, and offers them a basis for a program. The railroad rate structure, it maintains, is obsolete. All too often, rates that are so easy for trucks to beat **can** be lowered economically. Nobody, to be sure, knows exactly what railroad costs are. "Not even God Almighty", insisted the late Professor Arthur Twining Hadley of Yale, "knows exactly what it costs to haul a given commodity a given distance." This much is known, however. Costs depend on what and how much a company is already hauling. Like any industry with a huge fixed overhead—and none except light and power companies bear a greater overhead—a railroad can take additional business for almost nothing. To gain a new traffic, or hold traffic it already has, it can set a rate that will return it only a little more than the out-of-pocket cost of providing the service, and still feel it has done well on the deal. The important goal is volume. . .

"The trouble with the rate structure today is easy to comprehend. It is being assailed by competing trucks, not as a whole, but *only where it offers the most tempting op-*

portunity. The trucker, as one embittered railroadman puts it, "can roll away with the profitable suits and dresses and leave us hauling the unprofitable canoes and lampshades." The bigger part of truck competition, as a matter of fact, comes not from the so-called "common carriers", which issue tariffs and run on schedules, but from privately owned trucks and "contract" carriers. Thousands of companies are shipping their products in their own trucks. Hundreds of truck owners are taking smaller companies' shipments in cargo lots, at rates that are negotiated to "suit" the occasion—an illegal practice for railroads. . . .

The Alternatives

"So what can railroads do? In the main, and in the long run, there are only two real alternatives. One is to let rails assume a more dynamic role in the economy. This means that government and labor must stop treating them as the monopoly they no longer are. It means that they must be allowed to abandon hopelessly unprofitable operations. It means they must be allowed to market their product—to set rates quickly and boldly. They should be allowed, for instance, to make contract rates just as the highway carriers make them—on the moment, by negotiation, even without palavering endlessly with other railroads. All this means nothing less than a radical revision of the Interstate Commerce Act, which for a half century has hog-tied and hamstrung the rails with its intricate windings of restriction and protocol.

"The dangers of such renewed "freedom" would be obvious, and one can already hear the howls of dismay from the competing front. Admittedly a railroad could put almost any competitor out of business by undercutting him and then recouping its losses on "railbound" traffic. Not that this recouping is categorically bad: Justifiable rate reductions on competitive traffic must necessarily be compensated for by relatively higher rates on rail-bound traffic. Some regulation, nevertheless, is necessary to prevent the railroads from abusing their position. They must also modernize and rehabilitate to operate more efficiently and thus avoid throwing the whole cost of competing on railbound traffic. Yet the real point is that the railroads' position has changed. Owing to trucks, it is not at all what it was when the ICC was invented. The rails are now engaged in a death struggle with an enterprising competitor. They must be set free to fight.

"THE ALTERNATIVE to this "freedom" is that the government will have to take over the railroads and operate them."

Nor may the "Toronto Saturday Night" be termed "socialistic". Its current issue (June 14), contains the following:—

RAILWAY MERGING

"Why is everybody outside of the C. C. F. poking so much fun at Mr. Coldwell for his suggestion that when he comes to power he will nationalize the C. P. R. and then let it go on competing with our other nationalized railway, the C. N. R.? True, it is an illogical sort of idea, but if anybody thinks that there is anything logical about our present transportation set-up he is greatly mistaken. What we are doing at present is financing a publicly-owned railway to compete with a privately-owned railway, and financing it largely out of taxes collected from all of us including the privately-owned railway. This device provides employment for a great many more railway workers than would be employed if the two systems were amalgamated (whether under private or public ownership would make no difference on that score); and we are so rich that we can afford to pay these extra workers out of the taxes or out of the transportation charges, and we are used to this extraordinary set-up and think little about it, although if we ran across it in anybody else's country we should certainly conclude that the inhabitants were insane.

"Indeed, so rich are we that we not only pay these extra workers at the prevailing market rate, but we actually pay them whatever they like to ask, since if we did not do so they would go on strike and deprive us of an essential element in our economic life. They are now preparing to make some new demands in the way of wage increase and improvements in working conditions, which will no doubt be granted after a little of the usual haggling: but it might be worth considering whether we could not make future wage increases conditional on the consolidation of the two systems and the pensioning off of the supernumerary employees. For while we realize that no worker can nowadays be dismissed merely because his job has become redundant, it might still be possible to look after him only for the rest of his life, and to start saving money on him as soon as he is dead."

And incidentally here it may be noted that the Dominion Bureau of Statistics reports that the average pay-roll earnings by employees of the principal railways in Canada for the year 1948 was \$2,729.10.

CANADIAN PACIFIC POSITION

"The prolonged opposition to an increase in freight rates and the resulting delay in obtaining adequate increases in revenues has forced your company to restrict desirable capital expenditures",

said Mr. W. A. Mather, C.P.R. President, in his address to the last annual meeting of shareholders.

"Awaiting the outcome of the pending freight rate proceedings, your directors . . . have deemed it prudent to defer projects which promise substantial economies. The best interests of shippers and the general public cannot be served by thus restricting the flow of money into the improvement of rail properties."

And Mr. Carson, on his argument in the 20% Case, said (page 3956):

"It is abundantly clear . . . that the credit position of the Canadian Pacific is at a low ebb and that it is imperative that that credit be restored as quickly as possible through adequate and prompt relief on the present application . . . even with improved earning power it would be a matter of some years before the credit position of the Canadian Pacific could be restored to the point where it could expect to raise money through the issue of additional ordinary stock."

For, as Mr. Priest put it on his argument in the 20% Case (page 4011) in quoting the witness Northey Jones:

"At a time like this, for the Canadian Pacific to have such a small margin of earnings, strikes fear into the mind of an investor."

And, while Dr. Dorau, another C.P.R. witness in the 20% Case (quoted by Mr. Priest at page 3993 of his argument) said that—

"the determination of such a fair rate of return is not simply an arithmetical or mathematical procedure, but necessarily involves the judgment of broad economic considerations",

yet (page 4008 Mr. Priest's argument) Dr. Dorau goes on to say,—

"I did not overlook the question of raising the amount as a whole. I paid *no attention to the distribution of the burden or to the so-called equalization of inequities* that might exist in any given structure, but I did inform myself as to what the real burden of cost of transportation in this country has been . . . The problem of distribution among classes of consumers and by areas is not part of my concern from the standpoint of measuring the investor's willingness to prefer or accept on equal terms this enterprise as a place to put his money as compared to others. *I do not believe frankly the investor cares much or bothers about what that distribution might be.*"

And Mr. Priest says that Mr. McPherson's cross-examination of Dr. Dorau adduced several other somewhat similar answers.

Small wonder that the Chief Commissioner in the 20% Case remarked to Mr. O'Donnell (page 4213):

"**The Chief Commissioner:** Doesn't your argument point out the big problem in this case? You have a Government owned railway whom you represent and you have a privately owned railway. The two do the substantial amount of the country's business. When we talk about rate bases and fair return bases, and fair return, is that not just something which the witnesses here, Dr. Dorau and Mr. Jones, know very little about, the experience of trying to operate two unlikes in one country, so to speak; that is the problem is it not?"

At pages 35—6 of the Judgment of the Board of Transport Commissioners for Canada in the 30% Case, we read:

"The next question for consideration is the determination of which, if any, of the railways should be taken as controlling the rate question. The Canadian National Railways and the Canadian Pacific Railway are the only two railways operating throughout the whole of Canada . . . Mr. McPherson, Counsel for the Province of Saskatchewan, as did counsel for the other Respondent provinces, strongly urged that on the issue of need the Canadian Pacific Railway Company should be taken as the only criterion . . . The Canadian National Railways are now fully integrated into one great railway transportation system which is well and efficiently operated and managed . . . The situation as it stands today is that the Canadian National Railways must earn sufficient . . . to meet fixed charges, which in 1947 amounted to \$44,745,000. On the other hand the Canadian Pacific . . . only needs \$18,000,000. for fixed charges. I cannot accept the contention of counsel for the respondents, that the requirements of Canadian National Railways should be entirely disregarded . . . Some regard must, I consider, be had to the needs of all the railways. But, as there can only be one rate for all railways, we should, I think, endeavour to arrive at a just and reasonable *mean* between the railways in fixing the rates. Upon consideration of all that has been placed before us I am of the view that this can best be accomplished *by taking the requirements of the Canadian Pacific Railway Company as the guide or measure, in the establishment of what we consider to be just and reasonable freight rates to be paid by the users of the railways.*" (Italics added.)

At page 66 of the Judgment, the Board goes on to apply this yardstick of the Canadian Pacific:

"I estimate the amount of increase necessary to give the Canadian Pacific Railway Company the additional revenue required, to be just under twenty-one per cent. Consequently, I would allow the railway companies a general advance in freight rates of twenty-one per cent."

And Mr. Carson, in his argument on the 20% Case, (page 3938), assumes that the yardstick or formula (of the C.P.R.) adopted by the Board in the former case is the one that should be upheld in the 20% Case; and (page 3946) he goes on to speak of—

“this yardstick of 52 million-odd, which was tested in that case, and which has been even more thoroughly tested in the present case.”

Mr. Carson early urges—

“the Canadian Pacific as the yardstick”, (page 3847),

“the simple and convenient yardstick”, (page 3889),

and in three pages (3893—5) he employs the term “yardstick” fifteen times.

Mr. O'Donnell finds the “mean” purported to be adopted by the Board in the 30% Case difficult to explain. At page 4144 he says:

“If it is hard to find something that will be exact with respect to each and every road, as the Chief Commissioner said it is a mean that must be found, and while that mean may give one road a little more than it should have, its very elasticity is not a proper reason for denying to all the other roads something that will keep them sound”.

And at page 4213:

“As I said this morning one road might benefit by 21% more than another; one road might have less, but it was a mean, something as near as possible to what would be fair and just and reasonable to the railways as a whole in Canada that I say the Board was trying to determine at that time.” . . .

“The Chief Commissioner: As determined by this Board on the submissions made by the Canadian Pacific. . .

“Mr. O'Donnell: The Canadian Pacific was taken as a guide or measure.

“The Chief Commissioner: Do you think it should be?

“Mr. O'Donnell: I think the duty of the Board is to fix a just and reasonable rate. As to how they arrive at that rate, the Board has the freest possible action. . . . I do not say that the Canadian Pacific Railway or the Temiscouata Railway or the Canadian National should be taken or anything else.

“The Chief Commissioner: I take it you are satisfied that the rate of increase should be based on the requirements of the Canadian Pacific.”

Mr. O'Donnell then ended his argument and (at page 4216) Mr. Dysart endeavoured to clear the “yardstick” matter up as follows:

“Mr. Dysart: I had not intended addressing the Board. In the light of the questions, there is just one thing which I think I should say to the Board. On the question of the use of the Canadian Pacific as a yardstick, the position which we have taken throughout is that we were entitled to a stated number of dollars and in view of the number of railways whose needs the Board had to consider the Canadian Pacific was taken as the guide or measure. The adequacy of the relief which on the basis of Canadian Pacific needs will

be granted to that Company should be tested against the dollar requirements of the Canadian National, and if that percentage so arrived at would meet the needs of the Canadian National and grant it the relief to which, in our submission, we are entitled, then the adoption of the Canadian Pacific as a yardstick is fair and reasonable, and otherwise not.

"The Chief Commissioner: That is the position you are taking?

"Mr. Dysart: That is the position we have taken throughout."

PRODUCER—CONSUMER POSITION

The Maritimes suffer more from any increase in freight rates than perhaps any other province, and at the same time are least able to stand it. We have before us the horrible example of what happened to us between the years 1912 and 1926 when freight rates were increased to our great disadvantage in the Maritimes, and as a result of which our position, particularly in respect of industries, sank to the lowest ebb in our history, and from which we only commenced to emerge when the Maritime Freight Rates Act was passed in 1927 with a view of remedying the then existing situation.

The Canadian Pacific Railway claim, on successive applications, that their financial position is being imperilled and will be further imperilled unless they get increased freight rates; but their peril, with the huge resources they have behind them, will be comparatively insignificant as compared with the peril with which the people of the Maritime Provinces will be faced if rates go higher.

The matter of rail transportation, particularly for freight, coupled with the tariff which together with freight rates as its corollary constitute the National Policy, is and has been for nearly a century of time, the most serious problem of the Maritimes, and the one which, perhaps more than anything else, has hindered our proper development.

Never before in the history of Canada, or perhaps of any country, has a geographical area, comprising as it does the then three and now four Maritime Provinces, been placed by an Act of Parliament under the protective care of a Board of Commissioners, as was done by the Maritime Freight Rates Act. And that protective care was entrusted to the Board of Transport Commissioners by Parliament as a protection to the Maritime Provinces against the railway, because of encroachment by the railway on the rights of persons and industries in these Maritime Provinces in years gone by, and in particular between the years 1912 and 1926, which encroachment, in the words of the Duncan Commission, was (page 21):

"in fact responsible in very considerable measure for depressing abnormally in the Maritimes today (1926) business and enterprise which had originated and developed before 1912 on the basis and faith of the rate structure as it then stood."

The late Wilfred Boulter, then President of the P.E.I. Potato Growers' Association, giving evidence in the 30% Case, stated that the potato industry constitutes 40 per cent of the whole income of Prince Edward Island, and he said,

"Any increase in the cost of delivery of the goods is eventually from the producer's returns."

At page 7013 (30% Case) he illustrated this point in connection with increases in rates implemented in the United States effective on January 1st, 1947.

His evidence also showed that the potato industry results in a considerable amount of traffic in such items as fertilizer, machinery, spray materials, insecticides and sacks; for example, Prince Edward Island alone uses 115 carloads of sacks annually and in the year 1946 this province used 53,000 tons of fertilizer, most of which was used for the production of potatoes.

At page 7016 (30% Case) Mr. Boulter referred to the action taken by the Agricultural Prices Support Board when they established a floor for potatoes in October 1946. This floor netted the farmers 69 cents per bushel. In commenting on this return, Mr. Boulter said:

"The price would scarcely more than meet the present cost of production. Any change that would indirectly affect returns to the farmer, such as an increase in freight rates on the various commodities which we have mentioned that the farmer must use to grow his crop would result in a financial loss to him."

He further stated that:

"Agriculture is the last industry which should be asked to carry a heavier load."

Mr. W. R. Shaw, Deputy Minister of Agriculture for Prince Edward Island, at page 3940 (30% Case), summarized the position of the farmer by stating;

"With a small income any change in costs of production or transportation may seriously affect and deteriorate our whole Island agricultural program."

Premier Jones referred to the careful efforts being made in Prince Edward Island to produce quality goods, to enable us to offset the disadvantages of freight rates as far as possible. And he stated at page 10941 (30% Case):

"An increase in freight rates may very well destroy our position."

All things considered, the agricultural industry of this Province is not in a position to bear increased rates which would in any way restrict our already limited markets.

There can be no doubt that a horizontal increase, if made uniform on the Intercolonial and Prince Edward Island Railways with the rest of Canada, would affect the Maritimes prejudicially. If percentage increases are granted, a maximum in cents should be fixed which will enable the producers in the Maritimes to continue to make shipments of their agricultural products and manufactured goods to Montreal and to the markets in all the other provinces of Canada.

The Duncan Commission (pages 26—7) had no hesitation in recommending that the matter of horizontal increases should be reconsidered by the Railway Commission, yet in the 30% Case, horizontal percentage increases are still granted.

It is interesting to compare what was said in this respect by the Board of Transport Commissioners with the statement of the Duncan Commission:

In their Judgment in the 30% Case the Board said (pages 43—4):

"For the Maritime Provinces it is essential that they continue to find, to a considerable degree, markets for their primary products, as well as their manufactured products, in the more densely populated areas of the Provinces of Quebec and Ontario, where competition is keen In spite of the distance from the markets to be found in the large centres they have, with, perhaps, one or two exceptions, managed to overcome largely their geographical disadvantage and make progress. For these industries concern is expressed lest they be put at a disadvantage with their competitors, in the event that a horizontal increase in freight rates such as applied for is allowed."

(pages 46—7):

"On behalf of a number of the respondents in this case it is submitted that a straight percentage increase in freight rates would restrict the distance to which some goods could be marketed in competition with competitors located a shorter distance from the same markets To what extent shippers' markets would be actually restricted is, I think, unpredictable Another feature stressed is the long haul involved . . . and the handicap to the Maritime manufacturer in marketing his goods . . . in competition with competitors in the Central Provinces. The distance carried has to be a factor in the fixing of freight rates. The question is one of geographical location or assistance to the industry."

(and at page 65):

"Strong exception was taken by the respondents to the granting of a straight percentage increase in freight rates. But, as I view the matter, this is the only workable and practical method of dealing with the question in order to provide the additional revenue required by the railways. There were submissions that if increased rates were authorized there should be varying percentages of increase, the lowest percentage of increase being made on long hauls and the highest percentage of increase on short hauls; it was also suggested that maximum increases should be provided in order to avoid a very large increase upon relatively high rates from distant points of production to important markets. . . . Upon consideration of the whole situation, I think that, in this case, the general increase in freight rates should apply equally throughout the country."

On the other hand, the Duncan Commission found, (pages 26—7):

"There is one further very important feature of the railway situation Indeed the reaction of the burden which it imposes is so great that, in our view, it should be dealt with as a special problem. We refer to the system under which, during the late war, flat percentage increases (known as "horizontal increases"), were added to railway rates The railway administration, in giving evidence before us, agreed that long distance traffic, particularly heavy traffic, had been seriously prejudiced by the operation of the horizontal increase They had made the suggestion to the Board of Railway Commissioners some two years ago that . . . they should select what was considered basic

commodities, such as grain, forest products, coal, iron and steel. . . . In view of the importance of railway rates to long-distance and heavy traffic, we have no hesitation in recommending that the matter should be taken into fresh consideration by the Railway Commission . . . free to consider the whole question on its merits."

If the best interests of Canada require that additional revenue should be made available to the Canadian railways, there remains the most serious responsibility of seeing that the increased burden is equitably and fairly distributed among the people of Canada. And if, as Mr. Pitblado argued on behalf of the railways in the 30% Case, (page 15621), no General Freight Rate Enquiry but only a revenue case was within the jurisdiction of the Board, and such jurisdiction extended only to the fixing of rates "just and reasonable to the railways", despite the finding of the Duncan Commission just referred to, then the Act from which the Board derives its powers should be amended. Undoubtedly the railways are entitled to reasonable rates, but to suggest that because the railways require more revenue, the other interests are not to be considered, but are to be cast aside, it quite unsound.

As primary producers the farmers and fishermen of Prince Edward Island would be forced to bear the full burden of any freight rate increase in the form of an additional deduction from the price received for their product delivered to market. The financial return to the primary producer is the market price to the consumer less the cost of getting the product to that market.

On the other hand, upon manufactured goods the primary producer is again at a disadvantage. In this case any increased freight charges would, in the main, be added to the selling price which the primary producer has to pay, whereas the manufacturer with the advantage of his tariff protection is able to sell largely on the basis that the price to the farmer and fisherman is the factory price plus the cost of transporting the goods from the factory to the point of consumption.

Sometimes the railways forget the producer-consumer, and think only of the shipper as such. But Mr. O'Donnell, on his argument in the 20% Case, was corrected very pertinently in this regard by the Chief Commissioner. Mr. O'Donnell was saying (page 4202):

"The sole question the Board has before it is . . . "who is going to pay the bills?" Either the shipper or the public purse? One or the other as far as the National is concerned The shippers who are some only of the citizens (page 4203) generally, have had tremendous benefits accrued to them at the expense of such of their fellow-citizens taxpayer who do not use the railroads in their own business . . . (page 4205) I submit that those shippers who have been getting something for nothing . . . should . . . carry themselves . . . so that the taxpayers generally are not carrying the burden.

"The Chief Commissioner: (page 4208) When you were talking about the taxpayer shouldering some of the burden which the shipper should shoulder, I suppose that in the last analysis we get down to the consumer.

"Mr. O'Donnell: In my view, the cost . . . of any . . . object so far as the individual consumer is concerned is relatively small . . . (page 4209) The fact that the consumer

in the ultimate result may have some of that passed on to him by the man using the railroad in his business is, I think, at least one step removed.

"The Chief Commissioner: That is not quite an answer to my question. As I see it, that is the whole question in this country. . . .

"Mr. O'Donnell: I would put it this way. Only some Canadians are shippers. Those who ship, who use the railways should pay for the use of the railroad. . . .

"The Chief Commissioner: (page 4210) But I happen to have lived and been brought up on a farm, and that may be very different. When my father bought a plough or mowing machine or anything else, there was quite an item of freight rates in the price.

"Mr. O'Donnell: There is no doubt about that. The man who sold it had to deliver it and to use the railroad to deliver it.

"The Chief Commissioner: And my father had to use the railroad to get the plough in . . . I am taking exception to this distinction that has been made in this case between the shipper and the actual consumer who pays the increased freight rate and he may be a taxpayer too, and most of them are . . . (page 4211) . . . And if there were not consumers you would not have shippers.

"Mr. O'Donnell: There is no doubt about that."

Prince Edward Island submits that a straight horizontal increase on all rates in Canada is unjust and unreasonable, placing an unfair burden upon those who today pay the heaviest rates, namely, those whose goods must be hauled long distances, that is, the primary producers. Yet the Board of Transport Commissioners, despite the strictures of the Duncan Commission, continued in the 30% Case to apply horizontal percentage increases.

We find, then, that this problem of "Who is going to pay the Bills?" is multilateral and complex. And in so finding we have merely glanced at the problem. We have not considered the multiplicity of other matters which enter into every freight rate case. Nor have we discussed the problems of segregation of railway assets, the inclusion or exclusion of "other" income, nor the matter of railway losses which the late Colonel Ralston (page 17887 of the 30% Case) referred to as the \$64. question. Neither the questions surrounding hotels, steamships, investments, mines, stockyards, towing companies, cold storage, terminal elevators, bridge companies, air lines, trust companies, express companies, money order or overseas business, nor the issues of requirements, fixed charges, interest and taxes have been considered in this brief and disjointed approach to the problem.

But the problem is here. The credit position of the Canadian Pacific is at a low ebb; it cannot raise any more capital; despite the huge resources behind the Company its small margin of earnings strikes fear into the mind of investors; it must have more income. But if we bestow more income on the Canadian Pacific to allay the fears of the investor, what becomes of the forgotten man, the consumer? As Chief Commissioner Archibald aptly remarked: "I suppose that in the last analysis we get down to the consumer that is the whole question in this country." And, in such a case, what becomes of that other forgotten man, the primary producer who finds, as the same Chief

Commissioner pointed out, quite an item of freight rates in the price of his plough or mowing machine?

The experience of trying to operate two unlikes in Canada, a Government owned railway and a privately owned railway, which the Chief Commissioner in the 20% Case termed the "big problem," has proved, perhaps, too difficult to resolve. Yet unless these problems are solved, and that readily and promptly, the admitted alternative of State ownership of all Canadian railways is upon us.

THE SOLUTION

It would appear less than logical, if State ownership of all Canadian railways should become an accomplished fact, that the Government, after acquiring the Canadian Pacific, would or could then promote continued competition between the two roads. Any proposal involving Government ownership as a solution of the problem must meet, therefore:

- (a) The argument for competition, and
- (b) The argument against monopoly.

COMPETITION

During the first 60 years of North American railroading, society relied completely on the theory and practice of intense rail competition to keep rails efficient and to protect public interest. But competition alone failed to achieve its purpose. Then, with the establishment in the late 1880's of the Interstate Commerce Commission, society moved definitely toward the theory of State regulation. But to a greater or less degree rail competition and rail regulation are mutually exclusive. The two practices cannot co-exist each in its full flower. Consequently, since 1890 the movement towards a system of more complete regulation has been steadily growing in ever increasing degree. It has today become a great continental trend, the end of which may be a totally planned economy in transportation. But the more society depends on rail regulation the less does it need rail competition. Canada must now recognize that Canadian rail competition is no longer necessary to maintain Canadian rail efficiency. The cliché "Amalgamation never, competition ever" has died a natural death.

Mr. J. B. Eastman, an outstanding railroad authority, and former United States Co-ordinator of Transportation, in his first general report, while discussing the possible public ownership of all United States railways, stated:

"ELIMINATION OF COMPETITION

"Public ownership and operation would, of course, eliminate competition between railroads. While competition has many evils and is a prime cause of waste, it also has definite advantages. Many doubt that initiative and enterprise can be maintained without it. The question is, perhaps, academic, for even if competition between railroads were eliminated, keen competition from other transportation agencies would still exist. It is also quite possible that initiative and enterprise can be stimulated by other means than

competition. It would, for example, be feasible to organize the Government railroad system so that comparisons could be made between the records of the managers of various divisions or subdivisions. Such a plan is now used with advantage by individual railroads and other industries. There are also the incentives which can be given through public recognition of accomplishment or merit, such as is used with much effect in the military and other services. The subject is one which has not been adequately explored, but enough is known so that there need be no great fear in this respect of the elimination of competition. Compare the railroad industry with the telephone and the electric industries. There has been much less competition in the latter, but will it be said that there has been less initiative and enterprise?"

Rail must now compete vigorously with highway and with revived water traffic for freight, and with highway and air for passenger traffic. Obviously, too, these competitions will increase and become more intense as time goes by. Consequently, while the stimulus of internal rail competition may be withdrawn there still remains the vigorous and often acute competition with other transport agencies. Added to this is the fact that irrespective of the absence of internal rail competition in Canada, any Canadian rail monopoly would still have to meet rail competition from United States rails. From the Pacific middle coast (Vancouver and Spokane) to Chicago, the Canadian and United States routes are alternative, at least to some degree. From Chicago to Niagara Falls, Canadian rails have to meet vigorous United States competition. From Montreal to the New England States, Canadian rails again face alert competition from rails across the border.

The Duff Commission sought to provide for the elimination of waste and extravagance through co-operation of the two companies, while the Canadian Pacific continued to compete with the Canadian National. But little of the Act of 1933, passed to implement the Duff Report, was ever put into effect. Passenger service between Montreal and Toronto, and Ottawa and Toronto was pooled, and some other works, such as switching, car-cleaning and freight shed operations, were undertaken in common. Such cooperation as was actually put into practice was slight indeed as compared with the intention of the Royal Commission and of the Act. Competition and cooperation repel one another and cannot co-exist. Unified management alone can solve the problem of cooperation.

There was probably no one in Canada who brought to the subject of the Canadian rail problem a wider knowledge, a longer experience of responsible office, and a greater rail prestige, than did the late Sir Edward Beatty, President of the Canadian Pacific Railway Company. Though his primary loyalties were obviously to his own shareholders, nevertheless such loyalties may not necessarily be in conflict with those to Canada itself. His considered opinion as to a future national rail policy must, therefore, receive at the hands of Canada the most thoughtful and painstaking consideration.

Speaking to the Canadian Club in Toronto on January 16, 1933, he said:

"If we were mistaken in our appreciation of the value of competition, or did not sufficiently realize **the waste and losses it involved**, and especially involved in railway

competition between the Government of Canada and a private company, should we perpetuate another fallacy on the assumption that we can have competition and co-operation, that we can struggle for conflicting interests and yet not conflict? Why delude ourselves into the belief that we are supermen, indifferent to the spirit that competition and contest provoke, that we can maintain our own traffic and revenues and yet divide them, that we can act like enemies and friends at the same time, and, lastly, that we can afford to do the things we cannot afford to do and perpetuate the waste we cannot afford to perpetuate."

And Beatty again at Winnipeg on February 8, 1933:

"Some of the proponents of continuation of the present situation begin and end all arguments with the simple phrase: 'It is against the interests of this country.' I often wonder if those who so complacently use this argument ever seriously consider what the interests of Canada are. Do they consist, in their estimation, in the maintenance of two systems operating in competition and under the hazard of possible bankruptcy, or in a unified system which will provide adequate facilities to all parts of Canada, with economy in operation and administration not possible of attainment by any other method? . . .

"No scheme of co-operation between competing companies, however far it may be pursued, will effect these essential economies without risk to the integrity of one property or the other, and corresponding damage to Canadian credit.

"The necessary economies can be reached through **some form of unified operation and control**. It can be done without drastic impairment of the service necessary to our industries and to our economic stability. The management would have to be armed with authority to accomplish them with the least possible disturbance, and without calling on any section of the community to carry an unfair burden of sacrifices. I believe it is possible to do all this, and yet to surround the operation with safeguards sufficient to relieve the anxiety of those most obsessed with the dread of monopoly. . . .

"I am unqualifiedly in favour of **unification** of these properties for the purpose of administration. Most careful and comprehensive enquiries by the officers of the Company have persuaded me that under unification permanent economies of **seventy five million** dollars a year will be secured after a reasonable period has elapsed to permit adjustments to be made in an orderly way. These economies are **not of the temporary or distress variety** which the depression has forced upon us, and they are not designed to eliminate any essential service to the public or remove trackage where its retention is necessary in the national interest, and where there is not already in existence another facility capable of adequately providing for traffic needs.

"It is only right that I should point out to you two things which will have a great effect on the wisdom or otherwise of this policy. The first is that **unification**, of necessity, will lessen the extent of all capital expenditures for many years, because the unified company will have for joint use all the facilities, trackage, motive power and rolling stock of both companies.

"The second important question is that which arises from the fact that because of the heavy accumulation of debt and of the enormous losses incurred in prior years, we must not only restrict our expenditures in the future, but we must improve our revenue position to the extent of being able to replace gradually the moneys so lost. We must reduce the drain on the public exchequer, and with wise administration and normal conditions, it is not too much to expect that in time not only will the full interest due the public be available to the owners of the National Railways but a substantial amount in addition which will go to provide interest on the money advanced by the Government on which no interest has as yet been paid.

"We in Canada have been prone to greatly **exaggerate** the value and **benefits of competition** and to disregard the **cost** and **waste** incident to it. We have also established a kind of competition which is, so far as I know, peculiar to this country, namely, that between the State itself and a private corporation. That species of competition contains elements of **injustice** to private investors which is inescapable, and the wonder is that it could have continued for so long a period without more disastrous consequences than we have experienced . . .

"The principle of **co-operation without consolidation** has been recently approved by a committee of the Senate, no doubt in the view that this should be fully tried out before adopting more extreme measures, but I remain of the opinion that it is in the interest of Canada that more drastic measures should be taken at as early a date as possible. . .

"I have said that we cannot afford a continuation of the present dual systems, and especially we cannot afford it because it is unnecessary, and the **remedy may be applied without damage to any essential interest in Canada**. If this is true, and I believe it to be undeniably true, are we not warranted in determining the problem free of prejudice and the bias that any of us have had in other days, with the sole purpose of maintaining national solvency and accelerating national prosperity?"

Again before the Canadian Political Science Association at Montreal, on May 22nd, 1934, the Canadian Pacific President said:

"As the result of an exhaustive analysis of the accounts by our officers, I have stated that under the form of unification proposed, there would be a saving of **seventy-five million dollars** in a year of normal traffic, which amount would be **increased** as the trade of the country expanded **in future years** . . . The purpose of **unification** would be to put an end to the **waste of competition**, to provide the owners of the Canadian National with more money to satisfy their obligations, and to protect the owners of the Canadian Pacific from a recurrence of the conditions which prevailed during the nine years previous to the depression. It is the only practicable plan yet proposed which offers the taxpayer the prospect of relief from the ever-growing mountain of railway debt.

"The Royal Commission declined to recommend the plan for three reasons: (a) that it would result in the establishment of a monopoly; (b) with an increase in population, necessitating additional mileage, the management of so great a system might become unwieldy; (c) a policy adopted under the stress of difficult circumstances might not be best fitted to a new set of conditions difficult to forecast.

"The prejudice against monopoly is founded on unfortunate past experience in railway and other fields, but in this case it loses its force because railways no longer have a monopoly of transportation. Their rates and services are disciplined, or, at any rate, powerfully influenced, by **competition from waterways and road vehicles**, and will in the future, in all probability, be further affected by **air services**. Furthermore, the public interest can be fully protected by public control through the Board of Railway Commissioners and the Government. . .

"The danger that the system might become too vast and unwieldy for centralized management is not a very pressing one. The Canadian Pacific and other organizations of similar size and character have always found it possible to provide for growth in mileage and traffic by intelligent decentralization, and by proper delegation of authority to local representatives. There is no indication of a limit beyond which this policy cannot be successfully applied. In any event, there must always be an ultimate authority to which major questions are referred, and **success or failure depends on the wisdom used in the selection of that authority** . . .

"One of the lessons learned from the depression is that throughout the world, and on this continent particularly, we have gone ahead building up new forms of transportation, and extending old forms, without stopping to consider their relation to each other, or the relation of each to the whole economic structure. As a result, we have acquired an overhead of staggering dimensions. There may be some truth in the old saying that **competition is the life of trade**, but, carried to extremes, competition, by placing too great a burden on trade, **may become its assassin**

"One critic of the plan dismisses the estimated economies under the proposed scheme as illusory. He says that the field for saving has been occupied by the economies made by the individual railway companies during the past few years. **They are not of the same character or even related** to the permanent savings which could be effected by the economic use of existing facilities, and by the abandonment throughout the country of duplicate and triplicate services and trackage. Estimates of those savings were made at various times by the late Lord Shaughnessy, by the late Sir Henry Thornton, by Mr. Fairweather, Economist of the Canadian National Railway, and by the present officers of the Canadian Pacific. These submissions can be regarded with respect as the fruits of deep study, conducted by men of experience. All of their estimates, though made at different times, are very similar in result. The estimate presented by the Canadian Pacific to the Royal Commission was examined and analyzed by independent railway economists of standing and repute in the United States and was pronounced unassailable."

And to the Board of Trade at Regina, on February 5, 1935, Sir Edward said:

"There are some who suggest the solution to the railway problem is to be found in an increase in freight rates. It is true that our rates are among the lowest in the world, as I have already said, and in some cases they may be unnecessarily low. The freight rate structure is, however, a complex affair, and radical changes in it may produce unfortunate effects. A considerable increase in the rate on any major type of traffic, could scarcely fail to be damaging to the national interest, and for my part, I should regret to see this tried until everything possible has been done to eliminate waste in our transportation system.

"Do you realize that even if our earnings improved so that all charges due to the public by both roads were earned, and reasonable dividends were paid to Canadian Pacific shareholders, there would still be a waste of over \$75,000,000 a year due to maintaining duplicate facilities and services, which could be abolished?

"My suggestion has met with much criticism. I am told that no one group of men could properly administer the unified railways,—**but surely this suggestion is not made seriously**. We have available, in the staffs of the two systems, railway talent and experience fully adequate for the task. I think that I know enough about railroading to take pride in the ability, the loyalty, and the integrity of the staff of the Canadian National Railways, as well as in those qualities when exhibited by the officers and employees of my own Company. . . .

"What I do say is that unification of the two systems will give us the **cheapest possible** transportation service which can be obtained, commensurate with fair dealing to transportation workers and to honest investors. I say that the **savings** to the people of Canada will be **large**. And I say that the solution of this problem on fair and sound lines will produce benefits to Canada far in excess of mere operating savings. It will stimulate business and restore confidence at home and credit abroad. It is a simple and commonsense measure, and after it has been adopted those who now try to obstruct it will be forced to admit the folly of their fears. Had such a plan been adopted twenty years ago or even fifteen years ago, when the failure of the grandiose experiments in railway overbuilding became apparent, the national debt of the country would be hundreds of millions of dollars less than it now is."

And, finally a quotation from an address by Sir Edward Beatty delivered on May 20, 1935:

"No reason for the elimination of waste in transportation is more vital than the need for relief for our primary industries. We cannot refuse railway **unification** because its economies would involve some sacrifice; the burden which the present system lays upon our primary industries is too great to permit us to accept the pleasant theory of waiting for the times to be better. The essential function of transportation in Canada is to take to market what the farmer produces and to bring back what he buys. However important the other interests involved, waste and unnecessary cost in this respect cannot be anything except a damage to the interests of the entire nation.

"My theory of the economic life of Canada is a simple one. Our primary industries produce. The rest of us live by exchanging our goods and services with the primary producer for his products. **The profits of primary production govern the economic life of the nation.**

"The farmer sometimes says that he lives by farming the soil and we by farming him. The statement contains a crude truth which it will not do to forget. Let us beware lest we place on those who support our economic life a burden beyond their ability to bear.

"No one takes more pride than I do in the growth of the cities and towns in Canada; in the expansion of our great manufacturing industries; in the steadily rising standards of living of our people; in the provision for education and public health; in the constant addition to new types of recreation and of other amenities of life. I plead only that we do not forget that this whole complex structure rests upon the shoulders of those who till the soil, or otherwise begin the process of using natural wealth for the benefit of humanity."

MONOPOLY

Sir Edward Beatty's proposal was, as we have seen, a merging of the two railway systems for purposes of control and management only, leaving the question of ownership untouched. On April 6, 1921, however, the late Lord Shaughnessy, then President of the Canadian Pacific, recommended to Prime Minister Meighen a plan for amalgamation whereby the Canadian Pacific Railway and its auxiliary enterprises (divorced from its outside undertakings) should be acquired by the Government of Canada as owner thereof. Of Lord Shaughnessy's plan, Sir Edward Beatty said (January 16, 1933):

"Lord Shaughnessy's plan was not acted upon. If it had been accepted, hundreds of millions of dollars would have been saved to Canada, and we would even under present conditions, not have had any serious railway problem on our hands."

(Yet in 1949, at page 41 of the Outline Submission of the Canadian Pacific Railway Company to this Royal Commission, it is stated that the Canadian Pacific is opposed to the amalgamation of the railway of Canadian Pacific with that of Canadian National).

Professor W. T. Jackman (Economic Principles of Transportation, Toronto, 1935) agrees (page 725) that it was unfortunate that Lord Shaughnessy's plan was not accepted.

A Special Committee of the Senate of Canada in 1925, while not advocating that the Government acquire the Canadian Pacific, recommended the merging of the two systems for purposes of administration and operation.

Mr. Gerard Ruel, K.C., for many years associated with MacKenzie and Mann, subsequently Vice-President of Legal Affairs of the Canadian National Railways, and now associate counsel to the legal firm of White, Bristol & Co., Toronto, proposed a plan in 1932 whereby Parliament was to form a new company to be known as Management Company. Although titles to rail property would remain as they are, the control and management of both rail systems would be merged in the new Company.

Sir Thomas Tait of Montreal, at one time Manager of Eastern Lines of the Canadian Pacific Railway and subsequently Chairman of the Commissioners of the Victorian (Australia) State Railways, suggested amalgamation in 1917, in 1921, and again in 1932 and 1933. He stated:

"It is confidently submitted, and will I think be generally admitted by practical railway officers, that if the Canadian National and the Canadian Pacific are combined and worked as one system very large savings in operating expenses can be effected. . . .

"Undoubtedly appreciable savings in working expenses can be effected by close co-operation and co-ordination between the Canadian National and the Canadian Pacific companies, but it is confidently submitted that the savings which can thus be made will be but a very small part of those which can be brought about by **consolidation of the two systems with one financial identity and administration.** So long as the Canadian National and Canadian Pacific are separate financial identities, the management of each must and will strive to secure its share of traffic."

Before the Duff Commission, Premier Brownlee of Alberta stated that he believed amalgamation would be acceptable to the West if it were under public ownership. The Premier of Nova Scotia thought that his province would not fear a monopoly so long as it brought economic advantages.

In September, 1933, Professor Jackman and his associate, Mr. D. W. Buchanan, presented a joint paper in which they stated that amalgamation is undoubtedly the best solution for the railway problem. Of the obvious difficulties which face any project of amalgamation, the authors believed some are imaginary. They discussed the possibility of monopoly and pointed out that the situation is not what it was many years ago. Monopoly today by rail line is practically impossible due to the competition of the motor vehicle, the inland and ocean water routes, the United States railways, etc. Constantly in the background is the judicial bulwark of the Board of Railway Commissioners. In the opinion of the authors, the most cogent argument against amalgamation is that it would place undue political power in a single organization, but they point out that there is a mitigating factor frequently overlooked—even in a rail monopoly political pressure en masse could only come through the ballots, and the answer to this potential threat is public education.

On December 10, 1934, before the Chatham Canadian Club, the Hon. W. D. Euler proposed a plan of amalgamation whereby each railway would transfer title in all its assets to a holding company (Canadian Railways Limited) which would operate the two present rail companies as one complete unified and consolidated system, and thus do away with the waste always incident to competition.

These, and many other plans, have proposed amalgamation in one form or another. That of Lord Shaughnessy recommends the outright purchase of the Canadian Pacific by the Government. The price to be paid by the Government for the Canadian Pacific lines, under Lord Shaughnessy's plan, would be in the nature of a guarantee by the Canadian Government that a fixed rate of return will be paid in perpetuity on the securities of the Canadian Pacific Railway. Thus the Government was to guarantee a certain definite return to the Canadian Pacific shareholders. But when the Shaughnessy proposal was made in 1921, the net debt of Canada was little over two billion dollars. At the time of the Beatty proposals in 1934, Canada's net debt had risen by less than half a billion. But today the net debt of Canada is over twelve billion dollars.

The rail assets of the Canadian Pacific have been variously estimated. Mr. Carson, in the 20% Case (page 3878) gives the net railway investment at \$1,001,000,000. Consideration of acquiring the Canadian Pacific by purchase in 1921 or 1934 and thereby increasing the net debt of Canada by one-third was quite different from the problem of now increasing the net debt by only one-twelfth in purchasing that railway. In the past year (1947-48), the net debt of Canada has been reduced by nearly three-quarters of a billion dollars. By relinquishing debt reduction for eighteen months, Canada could own the Canadian Pacific.

A NATIONAL TRANSPORTATION POLICY

Canada needs a national policy on transportation and much has been said and written recommending its creation. Amalgamation under Government ownership provides such a policy. Transportation being a national problem, the rate structure must be such as will permit traffic to flow, and if there is any deficiency in revenue the people of Canada as a whole should assume that burden.

We have seen that Prince Edward Island has not profited by Confederation. One reason is to be found in "The National Policy"—a Policy which diverted trade east and west in Canada, and which enured to the benefit of the tariff-protected industries of the central provinces.

Now, as Dr. H. A. Innis pointed out in his Complementary Report to that of the Royal Commission in Nova Scotia, (Jones Report—1934), a Canadian National Railways deficit tended, in 1934, to be borne by those very outlying districts which suffer most from the National Policy. He said (pages 217-8):

"A lowering of railway rates and of the tariff, implies under the Maritime Freight Rates Act, a decline in railway revenue and an increase in the deficit, which is met by the treasury from funds obtained chiefly from customs revenue. The burden *tends* to be shifted to the weaker outlying regions and to weaker groups within those regions, with the result that they *tend* to pay their own compensation. In so far as the province is forced to bear the cost of transportation, it witnesses the destruction of its industries by competition from central Canada and pays for the privilege."

That was in 1934. At that time the customs revenues of Canada were greater than the amount received by Canada from income tax. But today the picture has changed, and income tax receipts are twelve times the amount received from customs. The incidence of a Federal deficit today *tends* to be borne, not by the weaker outlying regions, but by the regions which have profited most under "The National Policy." Thus, while under amalgamated Government ownership, the ultimate savings effected would undoubtedly produce surpluses rather than deficits, any deficit which might occur, while borne by the people of Canada as a whole, will *tend* to be borne by the most prosperous regions.

Entry has not been made into the abstract theory of railway rates as taxation, which has many proponents. That there is solid foundation for this theory, however, is seen from the mere statement of the proposition:

First—The railways of a country are the main highways of a country.

Second—There is no source of revenue for a railway other than the rates imposed upon the people for the carrying of their persons and their goods.

Third—This revenue is raised not from any hidden fountain of wealth within the railway itself, but from the earnings of the people whose labour and money furnish the traffic.

Fourth—By the division of labour in modern civilized life, everyone who earns or spends money contributes directly or indirectly to the cost of transportation, and this cost enters into every article used by every citizen.

Fifth—The maintenance of a nation's means of communication is a function of sovereignty, and since all the people contribute to their cost, railway rates are a national tax; and in the more highly civilized countries they are the largest element of all forms of taxation.

Sixth—The construction, maintenance, and operation of railroads is of right and on principle a governmental function or attribute, and not merely a money-making business.

Seventh—The rates charged for transportation are in the nature of taxation, and, like all taxation, must be uniform and as low as possible.

But one of the practical aspects of amalgamation,—that it furnishes to the Maritimes a shorter and more direct route to Montreal, via the "Short line" of the Canadian Pacific, should not be overlooked. Not only the main line of eastern railways, but the Trans-Canada Highway when constructed, should follow the shortest route across the State of Maine.

For the most significant evidence of the success or failure of Government ownership of railways in Canada in the past, we should examine the record of the Canadian National Railways itself. It is trite but true that nothing succeeds like success: and the converse is as true. Had the ownership of the Canadian National System by the Canadian Government, and its operation by a Government-nominated Board, resulted in chaos and confusion, no State ownership solution might seriously now be considered. The history of Canadian railways in the dozen years following the organization of the Canadian National System was so obscured by a cloud of controversy, by personalities, and by political entanglements, that it was difficult to see the whole significance of the period. The experience of **public ownership** on a large scale and violent fluctuations in national prosperity bulked so large in the picture that they tended to hide the background.

Professor Jackman (Economic Principles of Transportation) said at page 701 sqq.:

"Probably no railway management ever had a more difficult task than that with which the Canadian National Railways were confronted. . . . These various elements were to be welded together into a "system". They had never been intended to operate except as individual units. . . . their operating conditions were difficult. The character of the service was inferior to that of the Canadian Pacific Railway and, naturally, business went to the latter and left the former . . . The operating expenses of the National were . . . heavier . . . Add to these the facts that in the National group of railways there was much duplication of lines with inadequate traffic . . . little co-ordination among the staffs . . . an entire lack of esprit de corps, and we can see significant barriers to successful operation. As the climax of all these difficulties there was the public indifference towards these National lines . . . It would seem that the year 1921 was about the darkest year in the history of the Canadian National Railways up to that time . . . (page 703) The work of creating a unified organization out of such diverse elements—of developing an integrated system from lines which were not constructed to work together—was a task of vast magnitude . . . The work of reorganization of appointing new officials, . . . of moving men from place to place, of coordination of service, of causing all the divisions to work together involved much adaptation of the human forces to new jobs, which could be accomplished only gradually and with great tact and judgment."

The most recent authoritative pronouncement on how this huge task has been accomplished, **under Government ownership**, is found in the words of the Judgment of the Board of Transport Commissioners in the 30% Case, (March 30, 1948) at pages 35—6:

"The situation in respect to Canadian National Railways is quite different today to the situation prevailing in 1920 or even in 1926. **The Railways are now fully integrated into one great railway transportation system which is well and efficiently operated and managed.**"

And in the Judgment of Assistant Chief Commissioner Wardrope, in the same Case, at page 79:

"These railways, (Canadian National), so important to Canada, have now become well integrated and have a **high standard in service and operating efficiency.**"

This monumental task has, moreover, been accomplished in the face of the most searching and violent criticism. As was pointed out by Mr. Glazebrooke (*A History of Transportation in Canada*) at page 407:

"The Canadian National then, was bound to be judged on standards similar to those applied to any other transcontinental line, rather than with the tolerance allowed to a pioneer railway undertaken without hope of profit by a government. Hence public ownership was felt to be on trial in a sense that it had not been before."

The Canadian National Railway system stretches across the length of Canada, southward into the United States, northward to the Hudson Bay, not demonstrating the failure of State ownership, but proclaiming its glittering success. Despite the disadvantages of vehement and brilliant competition, of over-expansion of mileage, allied to retarded development of facilities, of political opposition, there has emerged, from broken-down railways operated half-heartedly by men possessing no corporate enthusiasm, a railway second to none in the World, staffed by a body of men in whom has been instilled a fierce and aggressive loyalty. Surely all this could not have been accomplished if Government ownership necessarily implies political interference or the creation of a political machine.

Following the Duff Report, Senator Meighen spoke in the upper house of the great size of the existing railways and added:

"Unite them and you will have a power which, in the hands of competent, shrewd, far-seeing men, could be made an almost insuperable factor **in the political life** of this Dominion. Some attach to that spectre more sinister and more terrible consequences than do other. That it is undesirable I admit—that it is very undesirable I admit; and I say most emphatically that the great mass of the Canadian people consider it so undesirable that so long as the democracy that reigns in Canada is the democracy of mind that now reigns, there is no possibility of bringing about such a condition of affairs. Those who say that this is so only in regard to political matters—that we are being political when we ought to be businesslike—are really indicting democracy. It is not at all a political party that is being challenged, but democracy itself; and I do not know that democracy is altogether foolish in seeking to guard itself against what conceivably, because of its immensity, might become domination. (Senate debates, 1952-53, p: 297).

If, after the necessary years of experiment through which we have passed, Canadian democracy cannot trust its representatives either to direct, or to appoint those who should direct, a public enterprise, the future of that democracy is doubtful indeed. But the relations between private railway companies and politics have not, in Canada, been idyllic. The semi-independent Public Corporation is but one of a number of methods by which State participation in the economic affairs of the country is being, and may in the future be organized.

With the problem of socialism or socialistic principles we have no concern. But in dealing with the problem that confronts us, and where a transformation is indicated, the method of reposing power in a body of public or quasi-public servants, conducting the service as trustee for the nation, appears to offer a considerable chance both of producing effective service and at the same time further disproving the French orator's contention that "Were there a people of gods, their government would be democratic. So perfect a government is not for men."

All of which is respectfully submitted.

J. O. C. CAMPBELL
of Counsel.

J. WALTER JONES
Premier of Prince Edward Island.

I might say, in explanation of my request to have the brief filed and taken as read, that it consists in the first place of argument, and then, as was indicated by myself in Ottawa on the 2nd of May and acceded to by the Commission, the argument will be deferred until the sittings at Ottawa. In the second place, the brief consists of statistics and quotations, which can be verified by the Commission and by its experts. Then, in the third place, as the brief consists of statements of fact, I propose now to call witnesses to substantiate those facts.

There are just two slight explanations in connection with the brief which I should like to make. At the centre of page 26, under the heading "The Potato Industry", the sentence appears:

"The principal income from Agriculture is derived from the export of high quality seed potatoes."

A slight explanation would be in order there. In the paragraph just above, the Commission will notice that Livestock (cattle, hogs, and poultry) are given as \$7,500,000, while potatoes and turnips are given at \$5,000,000. I should like to add the words "The principal single item of income from Agriculture". That is really what is intended.

At page 82, the second last paragraph, where we ask that the benefit of the Maritime Freight Rates Act be extended to include eastbound traffic from points west of Levis on the following articles entering into our production costs, we say, "Agricultural Machinery, Automobiles". Now, as to the word "Automobiles", I do not wish to change it, Mr. Chairman, but it occurred to me on reading it that we in this province, an Agricultural community, know that automobiles for the most part, certainly farmers' automobiles,

although possibly used to a very slight degree for pleasure, are part of the cost of production, they have replaced the horse-and-buggy days, and that is the reason why automobiles appeared there. I should make that explanation, because the insertion of "Automobiles" might seem to mean that we wanted pleasure cars.

Then in the next line on the same page, "Fishing Equipment and Supplies" could mean "Fishing Equipment and Fishing Supplies". Speaking grammatically, there is no comma, but no comma would be needed to mean "all supplies". "Fishing Equipment and Fishing Supplies" is meant there.

Those are the only two matters that required a little explanation.

As the Premier has said before me, we in this province regret that we may seem to state many things and refer many times to the terms of Confederation. Arguments respecting the terms of Confederation, to Mr. Commissioner Angus in particular, who appeared here on the Sirois Commission, may seem to be somewhat threadbare; to my lord the Chairman, who sat, I think, on some ten Royal Commissions to date, the terms of Confederation may seem somewhat threadbare, as well as to Commissioner Innis, who has sat in the Maritimes before; but we are such a small province, of ninety to one hundred thousand people, that I feel I should make more or less of an apology, Mr. Chairman, for our continued references to the terms of Confederation, because we are obliged to rely on the fact that we are a province. All our essential services cost us money. Although the salaries paid are smaller than those in other provinces, we have to have educational services, social services, health services, and these all cost us money. All the set-up is

required that is required in the large provinces, and in a small province like this we are obliged to remind ourselves and keep reminding ourselves that we are a province, that the terms of Confederation are there, and that we are entitled to their implementation.

In this connection I refer briefly to pages 4 and 5 of the brief. The Honourable George E. Cartier at Halifax said:

"Have you any objection to be absorbed by commerce? Halifax through the Intercolonial Railway will be the recipient of trade which now benefits Portland, Boston, and New York. If you are unwilling to do all in your power to bring to a satisfactory consummation this great question" -- that is, Confederation -- "you will force us to send all this trade, which you ought to have, through American channels. Will the people of Nova Scotia or New Brunswick be better off because they are not absorbed by commerce or prosperity? It is as evident as the sun shines at noon that when the Intercolonial Railway is built -- and it must necessary be built if Confederation takes place -- the consequence will be that between Halifax and Liverpool there will be steamers almost daily leaving and arriving at the former -- in fact it will be a ferry between Halifax and Liverpool."

(Page 4692 follows)

The Hon. J. A. Macdonald, afterwards Prime Minister of Canada, said at Halifax - this is at page 5 of the brief:

"I don't hesitate to say that with respect to the Intercolonial Railway, it is understood by the people of Canada that it can only be built as a means of political union for the colonies. It cannot be denied that the railway, as a commercial enterprise, would be of comparatively little commercial advantage to the people of Canada.

We recognize, however, the fact that peace may not always exist, and that we must have some other means of outlet if we do not wish to be cut off from the ocean for some months in the year.

What will be the consequence to this city, prosperous as it is, from the communication? Montreal is at this moment competing with New York for the trade of the great west. Build the road and Halifax will soon become one of the great emporiums of the world. All the great resources of the west will come over the immense railways of Canada to the bosom of your harbor."

At page 58, Mr. Chairman, reference is made to the terms under which Prince Edward Island entered confederation. I was referring a moment ago to the speeches with respect to the Intercolonial Railway. Section 145 of the British North America Act says:

"Therefore, in order to give effect to that agreement" -- that is the agreement for building the Intercolonial -- "it shall be the duty of the government and parliament of Canada to provide" what?

-- to provide for the commencement of the Intercolonial, for the construction thereof, and the completion thereof with all practicable speed."

That is section 145 of the British North America Act, the commencement of the Intercolonial, its construction and its completion. It stops there. What do we find, however, at page 58 of the brief? What do we find happened when Prince Edward Island entered Confederation? Was there provision for the construction of a ship to connect Prince Edward Island to the mainland for its completion with all practicable speed?

The contract went further, and as the Chairman well knows, statutes are to be interpreted according to their plain, ordinary, grammatical meaning. That is a principle of law. Here are the words. "That the Dominion Government shall assume and defray all charges for the following services", not that they will build boats to connect us with the mainland, not that they will maintain the boats or build them with all practicable speed as was done in the case of the Intercolonial under section 145. The Dominion Government shall assume all the charges. Then it gives the salary of the Lieutenant Governor, and so on. They did not pay his salary for one year and stop there. They paid his salary, and the salaries of the judges in the same way. Section 145 of the British North America Act Then there was reference to "efficient steam service" for the convenience of mail and passengers to be established and maintained. Section 145 of the British North America Act, in respect to the Intercolonial, did not say they were to establish the Intercolonial and

maintain it. They were just to build it and complete it with all practicable speed. The efficient steam service connecting Prince Edward Island with the mainland was to be established and maintained between the Island and the mainland of the Dominion thus placing the Island in continuous communication with the Intercolonial Railway, and the railway system of the Dominion.

Have we had such a service, Mr. Chairman?

It is true we have a ferry service, and it is a service of which the officials of the Canadian National Railways are very proud, and in some respects they are justly proud of that service. In connection with the dining room service on that car ferry I say it is excellent. The difficulty is that the dining room service is too good. When my wife and I travel across on the car ferry we plan to have a meal in that dining room because they serve good food and they serve it well. The result is that you plan on having your dinner at a certain hour, but the car ferry is not there and you have to wait at the piers for two or three hours waiting for this excellent dinner to be served.

I say to my friends of the C.N.R. that if their dining room service was not so good at least some of our discontent would be obvious. At pages 62 and 63 of the brief we find how proud some of these gentlemen of the C.N.R. are of their service there. In 1938 Mr. Emmerson said to the standing committee on railways and shipping in Ottawa - this is the second paragraph on page 63:

"I think what Mr. Walsh was referring to was the passenger traffic on the railway, not the tourist

traffic, because the bulk of the traffic in the summer-time goes over there by motor cars, and I do not think anybody could wish for any better service than is given in connection with motor cars."

Anybody living on Prince Edward Island, Mr. Chairman, smiles at that statement. At this moment I should like to put in the record a little pink card showing the times published by the Canadian National Railways, the times of leaving of the various **trips** of the car ferry. I will hand this to the Secretary. In passing, and since I am putting this in and will not see it again, on the back of it it says that the maximum weight for motor vehicles on the car ferry is 30,000 pounds. That is true if they can get on to the car ferry, It is true that the decks of the car ferry, after much insistence, and a great deal of rowing and squabbling back and forth between Premier Jones and the railways officials, were strengthened so that they would take vehicles weighing 30,000 pounds, but they did not fix the ramps, and 8,000 pounds is the heaviest vehicle you can get up the ramp to put on the car ferry. I mention that in passing, and I will refer in a moment or two to some of these times of leaving.

MR. COVERT: I might say for the record that card will be Exhibit No. 55, and I will ask you to furnish us with five copies.

EXHIBIT No. 55: Ferry schedule, Borden -
Cape Tormentine.

MR. CAMPBELL: While I am putting that in evidence, Mr. Chairman, with your permission I should like to tender in evidence an advertisement which I clipped from the afternoon paper on Saturday. I did not look at this

morning's paper to see if there is one in it. I refer to the local Charlottetown paper. It is a large display advertisement, "Additional train service, Charlottetown to Moncton." I thought, "Well, now, we have something at last. The Royal Commission has come here and has started things going." I find that this large display advertisement which is in the local paper refers to a service which has been in effect since June 27. I find down in the left-hand corner of the advertisement the dates in which it is to be carried in our local papers, July 23 to July 28. It is to be carried in our local papers during the time that the Commission sits here in Charlottetown. I will tender that.

MR. COVERT: Excuse me; that will be Exhibit 56. Will you give us the identification of that card?

MR. CAMPBELL: Additional train service, Charlottetown to Moncton.

MR. COVERT: Is that a Charlottetown paper?

MR. CAMPBELL: The Charlottetown paper.

MR. COVERT: The advertisement is on July 23, 1949 and is headed, "Additional train service, Charlottetown to Moncton." Mr. Campbell, I should like you to identify the card, Exhibit 55.

THE CHAIRMAN: The first one?

MR. COVERT: Yes, Exhibit 55.

THE CHAIRMAN: The one you just gave is Exhibit 56.

MR. COVERT: Yes. Exhibit 55 is Canadian National Railways Motor Vehicle Ferry Service 1949, from Borden to Cape Tormentine.

EXHIBIT NO. 56: Advertisement re train service.

MR. CAMPBELL: In the same connection, as to the advertisement which I just filed, I refer the Commission to the second last paragraph on page 59 of the brief as to the reduction in our truck rates, over which we had been contending and contending unsuccessfully in this province. We had a whole mass of evidence. There will be several quotations before the Commission. There was a mass of evidence taken before the Board of Transport Commissioners trying to get these truck rates reduced, and the final result is stated in this paragraph:

"It was not until May 27, 1949," --
and remember, Mr. Chairman, this advertisement which is published in the paper on these dates as to additional train service --

"It was not until May 27, 1949, that the reduced rates were published to become effective July 1, 1949. On May 2nd the Royal Commission on Transportation had announced that it would commence regional sittings in this province on July 25th."

Then I should like to refer to a portion of the next paragraph on that same page.

"So long as this service continues to be managed by the Canadian National Railways the tendency to treat the ferry as a railway operation will in time become an attitude so firmly established that its proper ownership will be forgotten as well as the purpose for which it was instituted."

A C.N.R. man said to me in Halifax the other day, when I mentioned that we needed an additional ferry over here, "We cannot give you another ferry as expensive as that last one." "We", I said, "who do you mean by 'we'? You are the C.N.R. This is a matter of contract between us and the Dominion of Canada."

There is no question about it in my mind, Mr. Chairman, that in due course, if the condition is allowed to persist whereby the railway controls that ferry, we will forget altogether about the terms of Confederation, and it will be considered as a railway asset.

That brings me back to the pink timetable which I referred to a moment ago, and Mr. Emmerson who did not think that anybody could wish for any better service than is given in connection with motor cars. That was in April, 1938, at the top of page 63. I refer now to the bottom of page 64, where there are some further words of Mr. Emmerson. This is in April, 1939, and the reason why Mr. Emmerson is saying these things, and why the matter was before the standing committee of the House of Commons is that Mr. Walsh, who was one of the members of the committee, complained in 1938 of the service that he had had on the car ferry, and he complained again in 1939. The Commission will notice the complacency of the railway officials on both these occasions.

MR. FRAWLEY: Can you tell us something about who Mr. Emmerson was, what part of Canada he came from, and also Mr. Walsh?

MR. CAMPBELL: I was going to ask Premier Jones. Mr. Emmerson is now a Senator.

MR. BARRY: He is from New Brunswick.

THE CHAIRMAN: Who are these two gentlemen?

MR. CAMPBELL: Mr. Emmerson was the Member for Westmoreland in New Brunswick. He is now a Senator.

THE CHAIRMAN: And Mr. Walsh?

MR. CAMPBELL: Mr. Walsh is from Montreal.

THE CHAIRMAN: A Member of Parliament?

MR. O'DONNELL: No.

MR. CAMPBELL: A Member of Parliament or a Senator.

MR. FRAWLEY: And do you know where Mr. Kinley is from?

MR. CAMPBELL: He is from Lunenburg.

MR. O'DONNELL: You say Mr. Walsh was a Member of Parliament?

MR. CAMPBELL: Yes. At all events, Mr. Chairman, Mr. Howe was a Member of Parliament, and he offered an explanation to the committee in 1938 and again in 1939. In the third last paragraph on page 62 the Hon. Mr. Howe said:

"I can say also that the government has taken this problem in hand and provided two ferries instead of one that was run last summer. We believe that we will give the Island this year the best service they have had in their history and that it will adequately take care of tourists who wish to cross there by train or motor."

A year later Mr. Walsh complains again, and I refer you to the second paragraph on page 65.

"Hon. Mr. Howe: I think I can explain why

"we lose money. It is because we give such a good service. We have two very fine boats there on that service."

Not one tied up at the pier, which is the fact.

"Up until two years ago one boat was operating at a time. At that time they wanted a more frequent service. We fitted up a second boat; and now at times of congestion in the summer we run both boats across"--

Mr. Chairman, they ran both boats across for one week in what we call old home week in August, and for the Labour Day week-end. That is all.

"We fitted up a second boat; and now at times of congestion in the summer we run both boats across, giving as many as eight trips a day to service the automobiles as well as the trains. As far as subsidizing automobiles goes"--

Here is one of the reasons, Mr. Chairman, and members of the Commission, why I said at the outset that we in Prince Edward Island must keep on referring to the terms of Confederation.

MR. O'DONNELL: Where does it say automobiles?

MR. FRAWLEY: We cannot hear you.

MR. CAMPBELL: " As far as subsidizing automobiles goes, the cost of an automobile used to be \$7 a trip; it has now been reduced to \$3, I doubt if \$7 began to pay the cost of the operation."

Whose \$7? Canada's, because Canada said, "We will pay the cost of this operation.

MR. O'DONNELL: For automobiles?

MR. CAMPBELL: It is true in 1873 Canada was not visualizing or contemplating the use of motor cars, but today surely the Dominion of Canada will not hide behind such a subterfuge to say that we Prince Edward Islanders should walk to the ferry. Surely it is not argued that because there were no automobiles in 1873 that automobiles are not now included in the term "passengers."

What are the facts as every Prince Edward Islander knows? As I said, we have good food on the ferry. What are the facts with regard to train connections with the ferry? What are the facts as to the connection of motor cars with the ferry? I could have had somebody go across there every day for the last month, and have had all the times for the Commission. In Prince Edward Island we know that it is going to be late. We know that it is not going to be there. We know we cannot get on. We all know that. I will have other evidence on this, but it just so happens that twice within the past month, in connection with the business of this very Royal Commission, I have had occasion to cross to the mainland, three weeks ago and ten days ago, three weeks ago to attend a meeting of the transportation commission of the Maritime Board of Trade in Moncton, and ten days ago when I was returning home from the sittings of this Commission in Halifax. I am not selecting anything in particular. Those are the last two times, within the last month, when I crossed on that car ferry.

What happens? First of all with relation to the trains, I do not know whether we are the end of the world down here or why we do not get some train service.

I do not know. I can understand the train being late. Trains sometimes are late, but to have a train that is always late, except on the days when the Royal Commission sits in Charlottetown, to have a train that is always late is something that I do not understand. Why do they not change the time schedules before they print the folders, and then we would know where we stand.

After the meeting of Mr. Matheson's Commission in Moncton, it happened that there was a man I wanted to see who was coming down on the Scotian, and then I was coming over to Prince Edward Island by motor.

(Page 4710 follows)

The Scotian is an express train which arrives in Moncton, according to the time table, at 4.10. At 3.30 I arrived at the railway station in Moncton just to see how late she was going to be. Frankly, that was the reason.

Down here we never go to meet a train when it is supposed to come in. We just go down to see, rather, how late she is going to be. And on the bulletin board, at the front of the railway station in Moncton, 4.40 was posted up as the expected time of arrival of the Scotian on this day. Remember, I was over there on transportation business, so I kept it carefully recorded in my mind. I did not write it down, but I do know it was carefully recorded in my mind, that 4.40 was the time the Scotian was expected to arrive on that day.

So my wife and I went away and had a cup of tea. Then we returned shortly after 4.00 p.m. So, at 4.15 I went around again, knowing that there might be some change in the schedule by that time. I looked at the bulletin board and there it gave "5.30" as the expected time of arrival. When I was there at 3.30 -- this is really serious, Mr. Chairman -- when I was there at 3.30, that train must have been somewhere in the Maritime Provinces. According to their board it was only one hour and ten minutes outside of Moncton. Now, where was she? They could not have known where she was. Why did they have to fool about it and mark down a time there of 4.40 for arrival, when it was only an hour away, if they knew then that she was only going to get in at 5.30?

So I went there and there I saw 5.30 on the board. So to make sure that there was no mistake, I went

and asked at the ticket office what time would the Scotian be in; and I was told: 5.20. Apparently ten minutes makes little or no difference to the railway officials in respect to the time of arrival of the Scotian. But ten minutes it was.

It so happened that I met another chap in the station there who was able to do the business which was required of this man on the Scotian, so it was no longer necessary for me to wait. I talked with him for a moment, and then proceeded to Cape Tormentine.

Now, where was that train? When I first looked on the board it was said to be an hour and ten minutes out of Moncton; that was later changed to 5.30, and I am advised that that train finally reached Moncton at 6.15. Now, where was that train at 5.30? That is a thing which just does not happen on one day only, but nearly every day. They do not know what she is going to do.

That leads into the reason why our car ferry works the way it does under our railway management. I may drive down to Cape Tormentine to meet a 7.30 boat, only to find, even at 8.30 that she is not there. I may make inquiries and ask: Where is your car ferry? Then they say: She is in Borden. That may be true. At least she is somewhere. We know where she is. We have not lost her as we have lost the train. She would be in Borden.

I remember when, I think, I was No. 20 in the line of cars, and I took my place quietly as No. 20, and then some others came along behind me; and we stayed there until -- I just forget the time the car ferry did get in --

but I know we left Tormentine at ten minutes after ten. That should have been a 7.30 trip, and we left at ten minutes after ten. We sailed away -- and the next trip, I might say, which was advertised on the car ferry from Tormentine, was supposed to start at 10.30 p.m. But at 10.10 we sailed away from Cape Tormentine. I was filled with annoyance at our own plight, and with a certain amount of sympathy for the poor devil at Sackville, running down to catch the ferry according to its schedule when it was supposed to be leaving at 10.30 p.m. And that was three weeks ago.

Now, what happened just ten days ago when I was over attending the sittings of this Commission at Halifax? I remembered what had happened a few days before, so I said to my wife: We will get up there at ten o'clock this time in order to catch the 10.30 crossing; I said we will arrive at ten o'clock, just in case they do the same thing they did the last time. But you cannot beat them. You can't win.

We arrived at the pier at ten o'clock sharp and I made the usual inquiry: Where was the ferry? She is over at Borden again. At least we knew where she was. In due course she found her way back to Cape Tormentine, and at 12.15 we left Cape Tormentine for Prince Edward Island.

Mr. Emmerson says, at page 63:

" . . .and I do not think anybody could wish for any better service than is given in connection with motor cars. . . ."

And he repeats that for two years in succession; and the Canadian National officials are equally complacent. That is all there is.

What is the solution?

MR. O'DONNELL: I wonder if Mr. Campbell would be good enough to give the dates for the crossings on which he had so much trouble.

THE CHAIRMAN: In so far as Mr. Campbell in his report is reciting facts, of course there is no reason why you should not question him on it.

MR. O'DONNELL: It would give us an opportunity, in the meantime.

MR. FRIEL: To know whether they are facts or not.

MR. O'DONNELL: But if he has not got them in mind ---

MR. CAMPBELL: You might like to be checking before cross-examination. It was the Friday following the Royal Commission in Halifax, following your last day there. Your meeting was on a Wednesday.

MR. MATHESON: June 29th was a Wednesday

MR. CAMPBELL: July 1st was the first one, and the day following the Royal Commission in Halifax was the second. Those are recent days, Mr. O'Donnell.

MR. O'DONNELL: The Commission stopped its sitting in Halifax on the 14th?

MR. CAMPBELL: This would be the 15th. It was on a Friday.

MR. O'DONNELL: Friday, the 15th of July.

MR. CAMPBELL: And what is the solution? I quote from page 13 of our brief, which quotes the Duncan

Commission report. It is the second last paragraph, and reads:-- I quite agree that it was in 1926:

"Altogether the ferry boat service is unsatisfactory. The railway administration admitted that there was need for supplemental provision being made in the form either of a second ferry boat or a special freight boat."

And that was in 1926. We have got two ferries now, but one of them is tied up at the wharf. And in 1925, at the bottom of page 13, the last paragraph; this was the year prior to the Duncan Commission report, and these would be the figures of the Duncan Commission that we are dealing with, when they say the railway admitted there should be a second ferry:

"In 1925, the year prior to the Duncan Commission report, 21,592 railway cars (freight, passenger, baggage and express) were carried over the ferry:- in 1948 the number of railway cars so carried was 52,620."

MR. O'DONNELL: There was either a second ferry or a special freight boat. That is what was said, we have it.

MR. CAMPBELL: There were 21,592 cars of freight. You needed a special freight boat for that. You did not need a special freight boat, as Mr. O'Donnell suggests, just to carry 52,620 cars.

And the same thing at page 79, in relation to the number of automobiles. We need a special automobile ferry now. In 1926 when the Duncan Commission was sitting, the automobiles ferried across were 4,296. But

in 1948, they were 45,698, or a growth of over 1000 per cent; and our facilities were entirely unsatisfactory in 1926. And that is not only the railways officials before the Duncan commission who admitted that we needed a second car ferry; because Mr. L. J. Knowles, their railway expert, at page 71 -- he is referring there -- of course, there was then this little hiatus. The Commission will recall the fact that a ferry was sunk, and when the Sirois Commission was here we had another ferry, but that one was sunk, and then this new one is replaced here.

But, in the interval, when the ferry could not do anything with the traffic at all, we see where Mr. Knowles says:

"Now, in September, on September 10th, we had the lowest number awaiting transportation, which was 74. The highest number appears to be 179 on September 8th. I have been informed since I came down here that in the winter there are sometimes as many as 500 cars awaiting transportation due to various conditions. . . ."

Remember, this was a railway expert speaking.

"Now, the inference, of course, from this statement is that any interference with these operations by reducing the truck rates and increasing the movement of trucks is just going to make a greater number of cars awaiting transportation. Unless, of course, you have two ferries instead of one."

So, here we find the railway admitting to the Duncan Commission that there should be supplementary provision by way of ferry. Here is Mr. Knowles, twenty years later, admitting to the Board of Transport Commissioners:

"Unless, of course, you have two ferries instead of one."

And one of them is tied up at the pier.

MR. O'DONNELL: I do not think, upon reading his evidence, that Mr. Knowles was supporting an additional ferry at that time. I simply make that observation at this point in the record.

MR. CAMPBELL: We would not only advocate an additional ferry; but he was saying: the C.N.R. say you do not need it, but if you had one, we could give you additional service. They are at least consistent, even if they cannot run their trains out of here on time.

A solution, further, will never be found until the two ferries, which Mr. Howe says we have, are operated by some other or independent Commission or by the Dominion Government, independently of the railway.

I submit this in all seriousness, that it is worse, and it is, when viewed from a commonsense standpoint; if you had two ferries operating, then one could be at each side at the same time. The trip across is only 55 minutes, and the little business at each end should take only 15 to 20 minutes. I am informed that, at the outside, the whole thing could be done in half an hour -- and that is preferable, from a commonsense standpoint, to having a train which, as we know -- or, as to

which the railway officials do not know, within an hour, what time it is going to arrive, whether it be in the next hour after that at Moncton; and those are officials at the divisional point, not at a little outside station.

At Moncton they do not know when she is going to arrive within two or three hours. Now, is it not better to have that already late train sometimes inconvenienced by being made an extra half an hour late -- which is all it would be -- because, if you had really a shuttle service -- or would it be better to have all these cars standing there on the pier for three or four hours? That is what happens all the time, and the train is always late. I know, because I live close to the railway. I am usually asleep, I admit. The train is due at 10.30, but we do not hear it. That just illustrates the point. When I said the train is due, that just illustrates our attitude in Prince Edward Island as to the time of arrival of trains. The train is due around so-and-so, but it usually gets in at one. Sometimes it gets in at twelve; that is early. It is due, as I said, at 10.30, and midnight is early. One and two o'clock, with summer tourists coming down here on that boat!

The Pullman which is advertised so frequently in that advertisement which I put in as Exhibit 56; there is a Pullman service, yet it arrives here when the people, whose purpose it is to come here with their small children, to the quiet of our shores, where they will not be bothered -- that is the type of tourist that we attract; people who do not want a whole lot of excitement on their holidays -- we do not have much excitement down here --

and they arrive here on this boat; and in the middle of the night these little children have to be dressed and dragged out to those beaches, and some of the beach population has fallen off; for is it any wonder, with these late services of this train.

As I say, anything can make a train late. We have no complaint at all with the train being late, but, for it to be late all the time is another proposition.

Now, I had intended to talk about Newfoundland, but the honourable the Premier has covered that ground very thoroughly. "I just have a few sketchy notes here; but before I call my witnesses I would like to mention one matter.

In legal practice it is considered prudent policy to take your witnesses aside and advise them what they may expect in cross-examination. That is usually done behind closed doors; and what you say to them is protected under a legal doctrine known as privilege.

Since we wish to avoid any appearance of litigation in this proceeding, I am not taking any advantage of my friends; and I propose to warn the witnesses now about a couple of questions that they will be asked in cross-examination -- at least, two which I heard asked in Halifax -- so that everything is in the open and I am not concealing anything.

The first one is: they will say, you have a non-competitive market; and as far as you are concerned, you have goods which you can sell in Montreal or Toronto, regardless of who else may produce them. You have such good articles you can sell them. It is a non-competitive

market. Yes, a non-competitive market, Mr. Chairman, is in exactly the position of our non-competitive beaches. We have beaches in Prince Edward Island which it would be hard to equal anywhere in the world. There are miles of them which are too far away. There is a problem of transporting tourists to those beaches, and the reason why we cannot sell our excellent potatoes -- I grant my learned friend Mr. O'Donnell this, that if we could have our Prince Edward Island potatoes transported free, and have them delivered free outside of Toronto, there would not be a producer in Ontario who could sell a pound of Ontario potatoes. That is true. Neither could you get anybody to go to St. Andrews by the Sea, nice as the Canadian Pacific facilities there may be, if you had a Prince Edward Island beach alongside. But the problem of transportation is there.

What is the use of talking of non-competitive markets if the tariff barrier, similar to that erected by the freight rates, cuts out your advantage. And we do not have to make sure of profits in this province. If a farmer has a free farm and a thousand dollars in the bank, he is rich. He is a wealthy man. He has got money in the bank.

We heard a lot about yardsticks in the freight rate cases. But he has no fancy yardstick -- and speaking of yardsticks, I am reminded of a matter -- I will admit, and my learned friend Mr. O'Donnell was anxious, a few moments ago -- but I think I will reserve this for the argument in Ottawa.

MR. O'DONNELL: I thought we were all going to do that.

MR. CAMPBELL: My friend will have something to answer in this. I realize that he was hard put to explain the judgment of the Board of Transport Commissioners in the 30% case. But I read here on page 35 of the Board's judgment:

"The next question for consideration is the determination of which, if any, of the railways should be taken as controlling the rates question..".

"Mr. McPherson, Counsel for the Province of Saskatchewan, as did Counsel for the other respondent provinces, strongly urged that on the issue of need the Canadian Pacific Railway Company should be taken as the only criterion."

And there follows what Mr. McPherson submitted.

And again, at page 36:

"The situation as it stands today is that the Canadian National Railways must earn sufficient net railway operating income to meet fixed charges, which in 1947 amounted to \$4,745,000. On the other hand the Canadian Pacific Railway Company only needs \$18,000,000 for fixed charges.

"I cannot accept the contention of counsel for the respondents, that the requirements of Canadian National Railways should be entirely disregarded. . . .

"Some regard must, I consider, be had to the needs of all the railways."

Mr. McPherson said that you should take the Canadian Pacific's yardstick, but the Chief Commissioner said, No, we must have regard to all the railways, and we should endeavour to arrive at a just and reasonable means. It sounds reasonable. We cannot accept Mr. McPherson there

when he says you should take the Canadian Pacific's yardstick. We must regard all the railways and we must arrive at a mean average between the railways, upon consideration. Then follows this remarkable statement, and I will come to it, and to the even more remarkable treatment of that statement by Mr. O'Donnell:

"Upon consideration of all that has been placed before us, I am of the view that this -- " this is the figure of this average --

" -- that this can best be accomplished by taking the requirements of the Canadian Pacific Railway as a guide. . . ."

And he proceeds then at page 66 to take the requirements of the Canadian Pacific Railway as a yardstick and he says that he estimates the amount of the increase necessary to give the Canadian Pacific Railway Company additional revenue which it requires to be just under 21%, and that consequently he will allow the railway companies a general advance in freight rates of 21%. I cannot accept Mr. McPherson's contention that the Canadian Pacific should be taken as a yardstick.

Then what does Mr. O'Donnell say, when he is trying to explain it? Because I do not think either he or Mr. Dysart was able to do so. On page 99 of our brief, Mr. Carson spoke about the Canadian Pacific's yardstick, a simple financial yardstick; and in three pages he employed the term "yardstick" fifteen times.

"Mr. O'Donnell finds the 'mean' purported to be adopted by the Board in the 30% case difficult to explain. At page 4144 he says:

'If it is hard to find something that will be exact with respect to each and every road, as the Chief Commissioner said it is a mean that must be found, and while that mean may give one road'" --

Now, mark this --

"'a little more than it should have'" --

I submit Prince Edward Island cannot get even what it should have, let alone a little more than it should have --

"its very elasticity is not a proper reason for denying'"

And so I leave that point just at the moment. I just brought that up in respect of the questions which will be asked some of these witnesses, and I can assure and they will be able to assure my friend Mr. O'Donnell that the producer-consumer of Prince Edward Island has no elastic yardstick wherewith to measure his returns.

Now, another question that will be asked in cross-examination, doubtless, if the same trend is followed---

MR. O'DONNELL: Why don't we get on and find out what will be asked, instead of anticipating it?

MR. CAMPBELL: I found out in Halifax.

MR. SINCLAIR: Did you tell your witnesses the answers to give?

MR. CAMPBELL: I am telling them now.

MR. SINCLAIR: Why don't you let them speak for themselves?

MR CAMPBELL: I am not telling them the answer they should give; I am telling them the questions they are going to be asked.

They will be asked, "Aren't you more prosperous now than you ever were before?" Mr. Chairman, in Prince Edward Island in times of depression we eat, and in times of prosperity we eat. There are no booms and no depressions in Prince Edward Island. It is slightly harder to get along. We have no great periods of prosperity and we have no bad periods of depression. As I say, the man who has his few dollars in the bank and owns his own farm is rich in Prince Edward Island. As Treasury Counsel and as a barrister, a lawyer, I have considerable experience, and know how difficult collections are; and -- I happen to hold another job here -- as Deputy Minister of Industry, I know everybody in Prince Edward Island has to hold two jobs to get enough pay to live. The man sitting on my right, the Honourable Mr. Jones, has, I think, at the present moment five or perhaps six portfolios, for which he does not get paid -- all of them. As I say, you have to do more than the ordinary person in another place, and, as I say, as Deputy Minister of Industry I would like the Commission to realize how much heart-searching effort we are putting into the matter of the fishing industry. The fishing industry in this province has never been in a worse position. The Government was buying fish, canned fish; that market is gone. We have no fish driers here. We are searching the possibilities of putting fish driers into the province, for the simple reason, Mr. Chairman, of giving the fishermen something to do between lobster seasons. About all they have at the present moment is their lobster seasons, and in between them they are idle.

In addition to that, and to cap it all, the reason why we cannot be sure about this matter of fish-drying plants to keep them employed in the meantime, is because of the situation of the pound sterling, and the fact that the market for dried fish is in a sterling area, the West Indies. We are hampered, we are not prosperous, in Prince Edward Island.

Anybody who thinks we are prosperous in Prince Edward Island, Mr. Chairman, need only refer to the fact that in this present year, 1949, we had to sell at the floor price, the farmers of this province had to sell at the floor price to the Dominion Government, seed potatoes to the amount of cash \$591,389.89, because they could not sell them otherwise. And why couldn't they sell them? -- such a superior product, as my friend Mr. O'Donnell says, that we can sell anywhere in a non-competitive market.

MR. O'DONNELL: When did I say that?

MR CAMPBELL: Which he will say, Mr. Chairman, or if he wouldn't say it he would wish he did say it. Perhaps he will have better sense than to attempt to say it.

At all events, why do they sell these potatoes at the floor price to the Dominion Government. Because the freight rates intervene. And on this sunny day, Mr. Chairman -- and I am almost through, I hope -- as we sit here trying to unravel some of these problems and give them the best attention we can, throughout the length and breadth of this province at this moment there are dozens, hundreds -- yes, thousands -- and this is the exact fact -- of farmers cutting their hay and letting it lie where it is cut, while the farmers in Ontario have a drought, and they are being supplied, from where? From Quebec, from the places that are near enough to

supply the hay to them without a prohibitive freight rate, and our fields are being cut to-day at this moment all over Prince Edward Island/^{and} the hay being allowed to lie there and rot into the ground because we have no market for it. If that is prosperity, then I would not like to see a depression.

Thank you, Mr. Chairman.

THE CHAIRMAN: Mr. Covert, what is next?

MR. COVERT: Mr. Chairman, there are a considerable number of questions that I want to ask to clarify certain phases of the brief. I wondered if Mr. Campbell intended to call his witnesses in any particular order?

MR. CAMPBELL: No, no order, except I think Mr. Covert might start with Mr. Rogers, because he can deal with it generally, and that might shorten matters. I am desirous of shortening matters. If I put Mr. Rogers in first he can cover the whole field generally, and then one or two questions might be enough for the other witnesses.

MR. COVERT: Will you put Mr. Rogers on first, then, please?

B. GRAHAM ROGERS, called

EXAMINED BY MR. CAMPBELL:

Q. Now, this is a large room, Mr. Rogers; would you speak up good and loud, so that we will hear you all over the room?

A. Yes, sir.

MR. CAMPBELL: I just^{wish} to qualify the witness, my lord.

THE CHAIRMAN: All right, go on.

MR. CAMPBELL: Q. You are at present Director

of Transportation in the Department of Industry and Natural Resources of Prince Edward Island?

A. That is right.

Q. That Department was newly organized last fall, I believe?

A. In the fall of 1948.

Q. And you joined it in December 1948?

A. That is right.

Q. You have special qualifications in connection with transportation; however, you have been in the Government service before?

A. That is right. "

Q. I believe you were for some seven years Manager of the Travel Bureau in Prince Edward Island?

A. That is correct.

Q. As such I suppose you had some occasion to visit the car ferry?

A. I had a great deal of occasion to --

Q. I don't want a long answer; I just want to qualify you, Mr. Rogers.

A. That is right.

Q. Before entering the Government service, that is, with the Travel Bureau, I believe you were a fox rancher for a number of years.

A. That is right.

Q. Foxes are not so profitable as they were, so now you are in the Government?

A. They certainly are not.

Q. In connection with your fox ranching activities, how far back did they extend?

A. 1914.

Q. In 1914 you went into the fox ranching business?

A. That is correct.

Q. And did that continue up until the time you entered the Travel Bureau?

A. I am still in it, sir. As usual, I have to have two jobs to make a living.

Q. The only reason I am asking the question is, in the fox business did you travel much?

A. Yes, a great deal.

Q. Back and forth from Prince Edward Island?

A. Oh, yes; out to the middle west.

Q. And shipped

A. Yes.

Q. Shipped goods as well?

A. That is right.

Q. Shipping and travelling. Thank you, Mr. Rogers.

EXAMINED BY MR. COVERT:

Q. Mr. Rogers, you have before you a copy of the Prince Edward Island brief?

A. That is right, yes.

Q. Would you turn to pages 10 and 11 of the brief? There are a few points that I want to get clarified for the record. At the bottom of page 10 you refer to "...the heaviest steam locomotive than can be used is the 1100 type." Then on page 11 we have a table dealing with the types of engine. Now, I would like you if you could to explain just what this means, and if it is in the nature of a complaint, or if you have any recommendations with respect to this matter that you want to make to the Commission?

A. Mr. Counsel, you will find a complete explanation of those figures in the Canadian National Railways employees'

time-table No. 62, issued under date of May 22, 1949. One of the reasons why those figures were quoted was to bring to the attention of the Commission the fact that our roadbed here, our railroad bed, in the beginning was built by the mile, and the contractor made as many miles as possible, with the result that it is a very, very crooked railroad, and the grades on that railroad are very heavy -- in fact, railroad employees tell me that they are unusually heavy -- and so for that reason the railway cannot operate the larger engines, the bridges won't hold them and the curves are bad.

Q. And you say following the table:

"....a large freight train here would be in the vicinity of 20 cars, and, as the tables indicate on many of the road sections, as few as 13 cars would be the limit that could be hauled."

Now, are you suggesting that that hampers your operations here from the point of view of freight?

A. Well, it means that the railway naturally has to run more trains on the Island, it does slow up our service, but that is not the only reason for a slow service.

Q. Is there anything specific that you had in mind to cure these things, and how serious a matter is it to the transportation of freight in this province?

A. Do you mean the local railway service?

Q. Yes; I am talking now only of the problem of the inability to use a heavy type of locomotive and the inability to carry any more than 13 cars of freight; that seems to be the limit.

A. And you want to know how that inconveniences us?

Q. Yes; how serious is it?

A. Well, sir, perhaps the best answer to that is that

during the war, as shown on the Canadian National Railways time-tables, of necessity they had to use small locomotives. Those small locomotives are not very freely available at the present time, as you know. The Province itself is always willing to co-operate with the Canadian National Railways in so far as possible, and I have here a letter written by the Hon. J. Walter Jones, under date of September 7, 1943, to Mr. E. W. McKinnon, Superintendent of the Canadian National Railways at Charlottetown, in which, due to the fact that our freight situation was so serious and so slow, we as a Province voluntarily agreed that all passenger trains on the island should be mixed trains, so that the locomotive power that was available could haul the necessary freight. Now, that is a sample of how serious the condition was at that time, and it has not been very greatly improved since. The railway has tried to improve it; they brought some Diesel engines here last year.

Q. Excuse me just a minute; what was the date of that letter?

A. September 7, 1943.

THE CHAIRMAN: 1943?

A. 1943, during the war. That illustrates the point of how serious our local transportation problems were.

MR. COVERT: Q. Was it especially difficult during the war, Mr. Rogers?

A. Well, traffic increased somewhat during the war, but it has always been difficult.

Q. And is it to-day?

A. I think counsel, Mr. Campbell, explained to you about the trains being so late; I think that is sufficient proof of the difficulty.

Q. Is that one of the reasons?

A. What one of the reasons?

Q. One of the reasons that they are so late -- the type of locomotive and the limit of the number of cars that can be carried?

A. Well, that is a partial reason, but since the war this condition has been allowed to continue, with the result that we have only two passenger trains on Prince Edward Island, that is all -- that is, 39 out of here in the morning and 40 in in the evening, and all the rest of the trains are mixed trains. Oh, there is occasionally a time when for some reason or other they might have only one or two freight cars, you know, but the practice has been continued of mixed trains, and the result is, these mixed trains are nearly always late. They handle freight.

Q. And passengers?

A. And passengers.

Q. Does that in general lead to people using the buses rather than travelling by passenger train?

A. Well, yes, that is one of the reasons. Another reason is that the buses travel the highways, and we have a very large farming population here, and the farmers are able to go to the gates of their farms and hop on a bus and get into town and back again in a reasonable length of time; and the railway schedules are much slower, of course, than the bus schedule.

Q. Now, Mr. Rogers, on that point, I was just wondering if there were any particular recommendations that you had in mind with respect to this matter?

A. Yes, we have a particular recommendation under the heading of "Co-ordination of Services." Is that what you want now?

Q. Then it is co-ordination of services that you say would fix up the difficulties of which you are now complaining?

A. Yes, very greatly; and at the same time it would save the railway a considerable amount of money which they are spending needlessly now, running these mixed freight and passenger trains.

Q. On the question of co-ordination of services there are certain questions that I want to ask; I will leave them until later, when we come to the part of the brief dealing with specific recommendations.

A. That is fine. --

COMMISSIONER INNIS: Q. Could we get statistics as to the number of passengers carried by the railway over a considerable period of years?

A. Yes, sir. You mean locally?

Q. Yes.

MR. COVERT: Q. Now, Mr. Rogers, would you turn to page 12 --

MR. CAMPBELL: If my friend Mr. Covert would permit me a moment, I might say, my lord, that the judges of the courts here have decided, on account of the noise made by these bells, which happens at half-past twelve every day, to change their hour of adjournment from half-past twelve to two instead of from one to half-past two. These bells happen at half-past twelve each day.

THE CHAIRMAN: Every day

MR. CAMPBELL: Every day.

THE CHAIRMAN: Well, we will go on to-day until one o'clock.

What page do you refer to?

MR. COVERT: Page 12, my lord.

Q. In the second paragraph down from the table on that page you say in the last line;

"...hundreds of thousands of dollars will be lost to our agricultural producers."

You are dealing there with the whole paragraph:

" The fact remains that the limit has been reached under present conditions. Our agricultural produce must be moved during certain seasons when markets are available and the demand exists. Unless the railway and ferry services are adequate to handle the freight, hundreds of thousands of dollars will be lost to our agricultural producers."

Now, have you any figures or any evidence as to losses in the past because of the inadequate facilities?

A. Possibly, sir, the answer which I will give you now would answer that, although we can bring up other specific cases, but this present year, 1949, there were 857,081 bushels of potatoes which were bought by the Federal Government under the floor price plan. Those potatoes came from 1,550 farmers, and the total amount paid was \$591,385.89. Now, what is meant by the paragraph in this brief is this, that if that floor price had not been in existence our farmers would have suffered a loss there of \$591,385.89, because they would have had to dump those potatoes. Does that illustrate the point?

Q. It would seem to me that this speaks in the future. You say that unless these ferry facilities are provided, railway and ferry facilities are provided, hundreds of thousands will be lost to our agricultural producers. I think that --

A. Well, the reason we say that is that there is no definite guarantee that floor prices are always going to remain in existence. Do you believe that? We don't.

(Page 4743 follows)

It just so happened that this year we were very fortunate that a floor price did exist. Furthermore, the statement was made to me by the man who sent this letter, Mr. Peppin, who is the district seed inspector for the dominion government for this province, on Saturday that in this particular case this quantity of potatoes could have been sold if we had not been so tied up during the winter time with transportation.

Q What you are saying is you are tied up by the lack of facilities, and that actually stops the shipment of your products out of this province? Is that the point?

A That is absolutely correct, the shortage of refrigerated cars, and the necessity of getting the potatoes to certain markets at certain times.

Q Is the time element the important factor?

A Yes, the time element is an important factor. There will be evidence given here by the Board of Trade, who will deal particularly with that item of the time factor in potato shipments.

Q Would you turn to page 14. You refer to the Duff Commission report and the order in council of 1873. If you are not the proper witness to whom this question should be put, just say so. What I want to find out is your argument on the question of the order in council where it says:

"Efficient steam service for the conveyance of mails and passengers", and then there is the phrase, "continuous communication with the Intercolonial Railways."

Perhaps Mr. Campbell can tell us if there is someone else

whom he would prefer to have deal with that.

A Possibly counsel, Mr. Campbell, could deal with that more effectively than I could, but I wish to say in the terms of Confederation it says:

"And such other matters as shall appertain to the other provinces."

I think there is a wide interpretation there, but I would rather that Mr. Campbell answer that question.

Q I was about to suggest, perhaps for the benefit of Mr. Campbell now, that it might be of some importance in the linking up in the order in council, dealing entirely with continuous communication with the Intercolonial Railway and the railway system of the Dominion, as to whether or not that was dealing entirely with railway traffic. That was what I had in mind.

THE CHAIRMAN: Is there any significance in the fact that it is specifically mentioned here, **that the efficient steam service shall be for the convenience of mails and passengers.**

MR. COVERT: That is what I wanted.

THE CHAIRMAN: Nothing is said about freight.

MR. O'DONNELL: Everything went by coastal steamer in those days.

THE CHAIRMAN: That may be the reason for it. I think that ought to be pursued further, what was intended about freight. Was other provision made for it?

THE WITNESS: It says in the terms:

"And such other services as shall be provided to the other 'provinces.'"

THE CHAIRMAN: I am just reading the paragraph

that is here. If there is provision made elsewhere we will expect to have it drawn to our attention.

MR. COVERT: I have the order in council here, Mr. Chairman. I expect he is referring to the clause that says:

"And such other charges as may be incident to, and connected with, the services which by the British North America Act, 1867, appertain to the general government, and as are or may be allowed to the other provinces."

Is that the one?

THE CHAIRMAN: Then you have to look at the other provinces to see what they have.

MR. COVERT: It is a matter that I think should be explored while we are here to see what the position is.

THE CHAIRMAN: It should be pointed out to us very explicitly what special arrangements exist regarding this province in connection with the transportation of freight.

MR. CAMPBELL: There is the British North America Acts and selected statutes. We might file that. I do not think I have made any pencil marks on it. It can be obtained from the King's Printer, but I will file that copy. That contains the whole order in council.

THE CHAIRMAN: We have the order in council before us, but the point is to find out whether, in the terms of that special order in council which relates only to this province, there is some specific provision made for the conveyance of freight. We see that there is for

the conveyance of mails and passengers in this portion of it.

MR. COVERT: Q. Mr. Rogers, would you turn to page 20? From pages 16 to 30 you deal with the bus service, but there is a part on page 20 down towards the middle of the page to which I wish to refer. It seems to me that you are apparently suggesting that the C.N.R. should not charge the buses for the time on the pier, and you say that the lack of co-operation has not stopped there. You have that paragraph in your brief?

A Yes.

Q In the same paragraph you seem to suggest that the necessity of passengers having to walk on board the ferry via the automobile ramp is a breach of efficient and continuous operation of the Confederation pact. First of all I wanted to ask you whether you thought that this kind of communication was in the minds of the framers of the Confederation pact. It obviously could not have been, and I wondered how you develop that.

A These people travel on the car ferry. The car ferry is an implementation, or partial implementation, of the terms of Confederation. A human being, whether he travels by bus, or whether he travels by rail or by automobile, has the same equal rights to cross over on that ferry, and why should a man or woman be discriminated against because they arrive at the ferry in a different sort of vehicle to a train or a private automobile? That is the point. Do you wish me to deal with that further?

Q Yes. How do you say that his treatment is different?

A His treatment is different in this way. In the

first place the highway leading to the boat is a King's Highway. First it is owned by the dominion government, and secondly, in so far as the Highway Act of the province of Prince Edward Island is concerned, ^{it} is a King's Highway under that Act for the reason that this government used their machinery and used statute labour in aiding to maintain that road before it was paved. Under our Act it automatically becomes a King's Highway. We have evidence here to show that when the buses used to run down to the pier the Canadian National Railways employed the Mounted Police and their own police - I should like to file this evidence - to prohibit the buses from driving down to the pier. They said that the passengers should walk the mile from the railway station down to the boat irrespective of the weather, and so on.

The eventual outcome of it was that, in order to save their passengers from a great deal of inconvenience, the bus company was forced to sign an agreement, although they were advised at the time not to sign it.

Q.
THE CHAIRMAN: / With whom?

A With the railway, with the Canadian National Railways. I should like to file this. I will read the letter --

MR. COVERT: This will be Exhibit 57.

EXHIBIT NO. 57: Letter dated June 21, 1949, from K. M. Martin to J.O.C. Campbell, with additional statement of amount paid by the bus company.

THE WITNESS: This is a letter from Mr. K. M. Martin, K. C., of Charlottetown addressed to J.O.C. Campbell, Deputy Minister of Industry and Natural Resources,

under date of June 21, 1949. It reads:

"Dear Sir:

I have examined my records to refresh my recollection of the early attempt of the Canadian National Railways to prevent the vehicles of Island Motor Transport Limited from running upon the car ferry pier at Borden and upon the approaching roadway.

I find that on July 30, 1937, as solicitor for Island Motor Transport Limited, I went to Borden with the manager and there awaited the arrival of the motor bus carrying passengers to the car ferry. The bus was met on the roadway to the pier by a member of the Royal Canadian Mounted Police, who stated that he was instructed at the instance of the Canadian National Railways to prevent the bus proceeding to the pier. I advised the bus driver to proceed until physical obstruction was effected by the police officer. The police officer effected such obstruction immediately and prevented the bus continuing to the pier.

As my research and information indicated that the roadway had been improved by the Provincial Government and was dedicated as a highway, and as I was aware that taxis and other vehicles were freely allowed to carry passengers to and upon the pier, I advised the Transport Company to insist on full rights of accommodation for its passengers. The Railway Company's insistence was that the passengers should be landed at the railway station at Borden

and be carried thence to the ferry by train if any train served the particular crossing. If there should be no train, the passengers were to walk and carry their luggage the whole distance, which appears to me to approximate half a mile.

I later understood that the Transport Company, being unwilling to subject its passengers to the embarrassment incident to a lengthy dispute, had suffered itself to be assessed a fixed sum for each passage over the pier, and I believe that such assessment has continued until the present, amounting to a very substantial sum annually."

I have the figures available. Do you wish the figures on that now?

MR. COVERT: Q. Yes. Would you give us the substantial figure referred to in the last paragraph?

A Since the year 1939 - and if you wish I can file a number of copies of this, but I would have to have them typed during the dinner hour, if it is satisfactory.

Q That would be satisfactory.

A Since the year 1939 - and incidentally this arrangement applies both on the Borden pier and the Tormentine pier which makes it worse, they have paid to the railway \$8,527 for the privilege of going down the highway, which is a public highway, and on which taxi cabs can drive, in which you or I or anybody else can ride, and on which trucks can drive down without any charge or without any interference. I should like to call your attention also to the point that the bus passengers pay their fare on the ferry just the same as you or I or

Mr. Rogers

anybody else. We consider this amount of money was illegally collected, and that it should be returned to the bus operators, \$8,527. In any other civilized country of the world it would have been returned, but what happened here I do not know. Do not shake your head, Mr. O'Donnell. It is nothing personal.

MR. O'DONNELL: You run your show and I will run mine.

THE WITNESS: Twelve copies, Mr. Covert?

MR. COVERT: We will need five, and I think you might furnish about five more so that we can distribute them to counsel. It will be a part of the same exhibit, No. 57. May I see a copy for a minute? This is the total of the moneys paid by S.M.T. Eastern Limited, who own the bus company, during the years 1939 to 1949, April 18, both on Borden and Cape Tormentine.

THE WITNESS: That is right. You were asking another question there, Mr. Covert?

MR. COVERT: Q. Yes.

A In regard to whether the co-operation stops there.

Q Yes. You say in your own brief, "nor does the lack of co-operation stop there."

A Yes. The buses are considered by the people of the province of Prince Edward Island to be one integral form of transportation, the same as the railroad services and the same as the air services. We feel that we should have the same opportunity to travel by bus in comfort as we have possibly to travel by air or by rail.

To my knowledge the bus companies have requested

at various times the right to have their buses carried over on the boats on regular schedules. During a part of the war the freight was heavy, and we had the old car ferry, the old Prince Edward Island, and there was a definite reason why it might not have been advisable to carry the buses at that time. We did not want to do anything that would interfere with the war effort, but that condition has now been changed to some extent and, as Mr. Campbell explained this morning, Premier Jones, through great effort, succeeded in having the upper deck of the car ferry strengthened to carry vehicles weighing 30,000 pounds.

There was a double objective in that. The objectives were trucks and buses, but unfortunately the ramps are only capable of holding a vehicle of 8,000 pounds, where the ramps join the boat, so as yet we have not got that advantage.

We have another advantage, which you might call a stopgap advantage, if you wish, in that a portion of the lower deck of the car ferries, both the Abegweit and the Prince Edward Island, has been levelled off, and heavy vehicles can drive in under there as well as automobiles.

Last Sunday I came across, and there were quite a large number of automobiles, and my car was in the lower part of the boat. Therefore we cannot see any reason now why the buses cannot go right through.

Q. You intimate that the railway does not permit the carriage of buses on the car ferry except on very occasional and exceptional circumstances?

A That is right, that is, to run on schedule.

They will take a bus over if you want to either load it on a flat car, or latterly if you want to run it down in below. They will not take it on a regular schedule. They will not make provision for it on a regular schedule.

Q You are suggesting that they should?

A I am suggesting that they should, yes.

Q Now, with respect to bus passengers generally meeting the ferry, what is the situation today? Do they discharge the passengers?

A Take a passenger coming to the Island. He arrives at Cape Tormentine on the bus for the afternoon train connection coming this way. That is the only one they can count on, you see. The passenger walks up the long automobile ramp, and he or she either carries their baggage or the bus driver carries it up for them. He always tries to carry it up for them, but sometimes there is quite a bit and he has to make two or three trips. Then, when the baggage gets up there there have been some complaints of lost baggage, and a mixup in the baggage. When they get over on this side then they all walk down the ramp again, and there is automobile traffic travelling back and forth there all the time. Their luggage has to be carried down irrespective of the weather, and irrespective of whether it is an old person who finds it quite difficult. That is what they have to do.

Q Now, are they in a different position than any passenger who has not come by bus?

A A passenger who has not come by bus, such as an automobile passenger -- of course, he is in his car on the deck and he drives right off. A first class coach

passenger on the train simply walks off the ramp on the side of the boat and entrains there. He is right in his train right there. Sleeping car passengers, of course, are in their cars, and they just go on and off in their own car. In the summer season particularly we would like to see the railroad passenger cars all carried over on the boat. When freight traffic is very heavy they might be able to leave them again on each side. You will find the people here more than 100 per cent willing to co-operate in any way that will facilitate the movement of freight. Of course, in some respects we get pretty tired of all the things we have been up against for a long number of years. You cannot blame us for that, can you?

THE CHAIRMAN: We will adjourn now.

--The Commission adjourned at 1 p.m. to resume at 2.30 p.m.

Charlottetown, P.E.I.,

July 25, 1949

AFTERNOON SESSION

---The Commission resumed at 2.30.

MR. COVERT: Mr. Chairman and members of the Commission, when we adjourned this morning Mr. Rogers was on the stand. I have been asked by Mr. Campbell and Mr. Darby, acting as counsel for the Province, to request that Mr. Rogers be permitted to stand down because there are some business men here, and they would like to put them on the stand to deal with some business matters in the brief.

THE CHAIRMAN: Mr. Campbell is calling another witness?

MR. COVERT: Yes, Mr. Chairman. I think Mr. Darby, the associate counsel with Mr. Campbell, is calling a witness. Are you calling a witness, Mr. Darby?

MR. DARBY: Yes. I call Mr. Elmer E. Offer.

ELMER E. OFFER, called

EXAMINED BY MR. DARBY

THE CHAIRMAN: Q. How do you spell your name, Mr. Offer?

A. O-f-f-e-r.

MR. DARBY: Q. I am calling Mr. Offer more specifically in connection with the dairy industry and in connection with the possibility of developing your transportation for the disposition of dairy products in the Newfoundland trade, with reference to pages 15 and 32 of the brief.

THE CHAIRMAN: First, what are Mr. Offer's qualifications?

MR. DARBY: Q. Mr. Offer, I believe you are the proprietor of the Ideal Dairy?

A. That is right, sir.

Q. And your place of business is in Summerside?

A. That is right, sir.

Q. And how long have you been in the dairy business?

A. Twenty-three years.

Q. And in Summerside?

A. Fourteen years.

Q. Fourteen years. And your main line of business in the dairy industry consists of what?

A. The milk business solely. We make butter, but our main line of business is pasteurized milk.

Q. Pasteurized milk and local delivery in the town?

A. That is right.

Q. And in addition to that I believe you do manufacture butter from your surplus?

A. That is right, sir.

Q. According to the statistics here furnished in our brief on page 32, they show the Ideal Dairy -- that would be your dairy -- has manufactured 242,253 pounds of butter -- no, that is cream; has manufactured from that 84,867 pounds of butter. That would be approximately correct?

A. That is right, sir.

Q. Now, you spoke of surplus milk, apart from your manufacture of butter, Mr. Offer. Have you any other outlet for the disposition of your milk?

A. One of our big outlets consists of shipping milk

to Harmon Field, Newfoundland, an American air base.

Q. An American air base; and that is begun, how?

A. We put that milk --

THE CHAIRMAN: Q. What airways?

A. By air, sir, by American airship.

MR. DARBY: Q. You might explain that to the Commissioners?

A. Well, the pasteurized milk is put into containers of eight to ten gallon size; and it is taken from our ~~xxx~~ storage to the airship; and they take off in approximately an hour's time -- they take two hours to get there -- and there it is put into storage.

When we first started, in May, 1946, they were making three trips a week; but at the present time, for the last year, two trips a week, with the same payload.

We ship, on a trip, 364 gallons daily. That is one trip a week; and 728, weekly; and that amounts to 37,856 gallons for the year, approximately.

Q. You ship to the Harmon airfield?

A. That is right.

Q. Have you received any complaints as to the shipments during that period?

A. No. We are very anxious to know about complaints, and we keep closely in touch with them at all times, but we have had no complaints whatsoever.

THE CHAIRMAN: Q. You mean, from your consumers?

A. That is right; and we were in contact with Goose Bay. We made a few shipments. They wanted the milk, but they did not have the airships to put in the service; so we missed out on that.

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MR. DARBY: Q. And these ships take your milk to Goose Bay and they are airships of the American air force?

A. Yes.

Q. Transport planes?

A. Yes.

Q. Do you know what kind of planes they use?

A. I suppose they call them DC-4's.

THE CHAIRMAN: Where do they originate? Where do they come from? Where does the line come from in the United States? Where do they start?

MR. DARBY: Harmon Field.

They fly from Harmon Field to Summerside and take off from there.

Q. And you say the feasibility is proving to be absolutely --

A. At first it seemed really impossible, but now it is just another milk route to us.

Q. Do you think that this traffic in shipping milk to Newfoundland can be increased?

A. Definitely so; but there may have to be some improvements. We ship, for instance, 364 gallons -- that is approximately 1,000-pound cans, which naturally, is somewhat waste cargo. There are more practical methods, I believe, of shipping milk. It could be put into paper containers, for instance, all ready for distribution. It is not too far-fetched to say that a tank ship could be used. It is filled just as a tanker to carry gasoline; the milk would be poured into the ship and then pured out at the other end.

THE CHAIRMAN: Is this a special service to American air bases?

MR. DARBY: Yes.

THE CHAIRMAN: Does it throw any light on the cost of the transportation?

THE WITNESS: No, I do not believe I could give you much information on that, although I did inquire from M.C.A. who are interested in a commercial line down there. But they stated it was not quite feasible. There is a spread of 14¢ a quart from our price, taking our price, and selling it at 28¢ in Newfoundland; and that 14¢ has to take care of transportation and distribution at the other end, according to M.C.A.

MR. O'DONNELL: Q. That is the Maritime Central Airways?

A. That is right.

MR. FRAWLEY: Q. What is that 14¢?

A. That is the price at this end.

Q. The price to you?

A. That is right. It could, on a bigger quantity, probably, be done at less cost. But that is the price at the present time.

Q. The wholesale price at Summerside?

A. That is right.

MR. SINCLAIR: Q. Per gallon?

A. No, per quart. It is 56¢ per gallon.

THE CHAIRMAN: Do you wish to ask any questions?

MR. O'DONNELL: Yes.

THE CHAIRMAN: Mr. Offer, will you please come back to the stand? Mr. O'Donnell wants to ask you some questions.

CROSS-EXAMINATION BY MR. O'DONNELL

Q. Could you tell the Commission what the price of milk was, say, in 1938, here?

A. In 1938 I believe it was one cent cheaper, 14¢ a quart.

Q. And it has been 14¢ a quart. pretty steadily since that time?

A. That is the wholesale that I quote now.

THE CHAIRMAN: That is 14¢. But what is the retail price to the consumer?

MR. O'DONNELL: Q. That 14¢ is the wholesale price?

A. It was the retail price in the year that you spoke of.

Q. I spoke of 1938, but you gave me 1948, possibly?

A. Pardon me. Back at that time, I believe it was 8¢ a quart.

THE CHAIRMAN: Q. Eight cents a quart was the retail price?

A. That is right.

MR. O'DONNELL: Q. And now it is 14¢?

A. It is 15¢ retail, today.

Q. And you operate a dairy farm of your own?

A. No, sir.

Q. You just buy milk?

A. We buy.

Q. You are brokers, so to speak?

A. We are processors.

Q. You buy milk from the dairymen and process it and pasteurize it and ship some of it to the American

army, right now?

A. That is right, sir.

Q. So you have no information that you could give to the Commission concerning the actual operation of a dairy itself, and dairy costs, and that kind of thing?

A. Well, I did not come prepared for that. I did not know just what questions you would ask me.

Q. I think it would be sufficient, Mr. Chairman, if we just put on the record an extract from the Annual Report of the Department of Agriculture of the Province of Prince Edward Island. I have to ask you, Mr. Offer: this is an extract from the Annual Report of the Department of Agriculture of the Province of Prince Edward Island for the year ending March 31, 1948, at page 13, which reads as follows:

"Dairy production has possibly been the best in our history, the creamery butter volume almost reaching the $4\frac{1}{2}$ million pound mark for the season or over 19% above that of 1947. Our record in this respect excels all Canada. There was also produced over 11% more cheese than in the previous year and ours is the only province in Canada to show an increase. Ice cream production is also about 13% above that of the previous year. This favorable situation is chiefly due to the improved pasture and better general feed conditions experienced.

Markets for butter were of a satisfactory nature and after some adjustments, as a result of conferences held between your officials and representatives of the trade, the price operated for the balance of

the season on butter at the ceiling. The bulk of the cheese was also sold at 36¢ and as high as 37¢, the surplus being quickly picked up in the latter part of the year chiefly in the Newfoundland trade. Taking everything together the year was one of the most satisfactory in our history for the dairy industry."

CROSS-EXAMINATION BY MR. FRAWLEY

Q. According to page 32 of the brief, the company called the Central Creameries, appears to own about 35% of the production. Is Central Creameries a locally owned company?

A. The head office is in Charlottetown.

Q. Are they wholly owned on the Island?

A. I believe so.

(Page 4771 follows)

Q. Is there any particular reason why they have such a large share of the business ?

A. Well, they have three plants; they have one in Charlottetown, one in Summerside and one in Souris.

EXAMINED BY MR. COVERT:

Q. On page 31 of the brief, the last paragraph, referring to the cheese and butter factories operating in the province, it is said that the market is about two-fifths local, the balance exported to the Maritime Provinces and Newfoundland. I wonder if you can tell us, Mr. Offer, why the market for cheese and butter is apparently limited entirely to the Maritime Provinces, or am I asking you something out of your field?

A. In shipping to Newfoundland, you mean?

A. Perhaps I might repeat. The market for cheese and butter, it is said, is about two-fifths local, which I would assume would mean the Island of Prince Edward Island itself, and the balance, three-fifths, exported to the Maritime Provinces and Newfoundland.

A. I am afraid I am not qualified to give you a good answer on that. Our surplus butter, which we make out of surplus milk and some cream patrons, we market locally, and I have never experienced shipping Newfoundland butter.

Q. You would not be answering any questions on poultry either.

A. No, sir.

Q. You are not in a position to do that. That is all.

AUSTIN A. SCALES, called

EXAMINED BY MR. CAMPBELL:

Q. Mr. Scales, you have been in the potato business for some years?

A. Right.

Q. How many years?

A. Since I was 15 years of age, but in a larger way for about 20 years, a little over 20 years.

Q. In the potato business on a large scale for how many years?

A. Approximately 25 years.

Q. In the course of which you ship all over the country?

A. Yes.

Q. The United States and Canada. At page 50 of the brief, you wrote a letter here; would you mind reading that?

A. "I am responding to your request for some comments as to the effect further increase in Canadian freight rates may have on the potato growers of this Province. I have given some thought to this matter and now outline my findings.

"I estimate that each 1% increase in the existing rates in our Canadian Railroad Tariffs will cost our potato farmers about 4¢ per acre additional for fertilizers and a further 43¢ per acre, on the average, to deliver their potatoes to the consuming markets. This makes a total of 47¢ per acre additional for each 1% increase in rates. A 20% increase would result in costing these farmers about \$9.40 more per acre.

"This estimate is based on the average saleable

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"production of potatoes being about 200 bushels per acre, and that these would be shipped an average distance by rail about equal to that of from here to Montreal.

"From such an increase in rates, the producers of potatoes near the larger Canadian consuming centres would have more advantage than that which they now enjoy, inasmuch as their costs of delivery would not increase to the same extent as that of ours."

Q. What have you to say, or have you formed any opinion, as to the effect of horizontal rate increases on potatoes?

A. What is that again?

Q. Have you formed any opinion as to the effect of horizontal increases in freight rates?

A. I have not given it much study.

Q. I will ask you this, then : who pays the additional 21% increase ?

A.. No definite statement can be made as to what is paid by the producer and the consumer. It would depend on supply and demand. For the most part it will come out of the producer, in my way of thinking.

Q. What have you to say, Mr. Scales, about the quality of Prince Edward Island potatoes in Toronto? Is it a non-competitive market there? For instance, take Toronto.

A. The Toronto market, generally speaking, pays a premium for Prince Edward Island potatoes.

Q. And if you were nearer to Toronto you could sell all your potatoes

A. If our little province were planted near Toronto and were able to produce the same quality as we produce, we

would put the Ontario producer out of business.

Q. And why don't you put him out of business now?

A. There is not enough premium to offset the long haul.

Q. Thank you.

EXAMINED BY MR. COVERT:

Q. Mr. Scales, generally now, do you ship to Toronto on a delivered price or an F.O.B. price?

A. Nine hundred and ninety-times out of a thousand it is delivered.

Q. Delivered price. Is that the same to Montreal?

A. The same to Montreal.

Q. In the last paragraph of your letter, I just want to see if I understand you correctly when you say:

"From such an increase in rates, the producers of potatoes near the larger Canadian consuming centres would have more advantage than that which they now enjoy...."

My understanding is that you say that they do not have to use the railway to get to their markets, they use trucking; is that the idea?

A. To a very marked extent.

Q. So their costs have not gone up, you say, as much as yours have?

A. Their costs of delivery have not gone up in the same relation as our costs of delivery to those markets.

Q. Have you had an investigation of that, or got any information on that?

A. I have formed that conclusion by talking with producers, by talking with people. They have an increase in their rates of truckage, it is true, but their increase is

not to the same extent as our increase, with the 21% increase or further proposed increase.

Q. When you say producers, you mean producers in --

A. Ontario and Quebec.

Q. Ontario and Quebec. Have you ever seen any computations of their costs of getting their potatoes to the market in those areas.

A. Would you please repeat that?

Q. Have you ever seen any computations of their costs of getting their --

A. I have seen them but I cannot repeat them at the moment.

Q. Could you get any and make them available to the Commission so that we could check the comparative increases in those areas as against the increase here?

A. I believe so; I can't press a button and get them.

Q. Now, perhaps, Mr. Scales, while you are giving evidence here, I might discuss some other parts of this brief with you dealing with potatoes. On page 28 of the brief you are dealing with the seed potato industry in the Island, and you show the tremendous growth in acreage from 1920 to 1948. Are there some people in the industry who just raise potatoes for seed, or is it generally a practice that they raise both the seed and the table potatoes?

A. There are those who have been specializing and who do specialize on seed, endeavouring to bring them up to the required standard so that they will pass the standard of certification and thus be eligible for seed. The fact that they plant them with the idea of selling them for seed does not say that they are going to come up to that standard.

Q. I see; and perhaps that might explain the statement

at the top of page 29:

"It should be borne in mind that many potatoes actually qualified as Seed are sold every year as table stock." Or does that mean that there is not a market for seed potatoes and it is --

A. There have been periods when there was a surplus of seed, in which event they are placed on the table stock market.

Q. The seed potato growing, that is a specialized type of potato industry?

A. That is right.

Q. I take it from this table that it is becoming more specialized every year on the Island; is that correct?

A. The figures certainly tend to establish that.

Q. Well, I suppose they bring a higher price?

A. Well, if they do not bring a higher price they are sold for table stock.

Q. Is there an average difference in price, or can you give us comparative prices, for instance, in 1948 and 1949?

A. I cannot give you that without qualifying it. The premium will vary according to market conditions. When potatoes are low in price the premium is not as much as when potatoes are high in price. In grading potatoes for seed you grade out a higher percentage of culls and unsaleable potatoes or potatoes that will only command a low price than you will when you are grading table stock. Because of this, when potatoes are high in price you must get a higher premium per bushel than when they are low in price -- normally, with prices that have been ruling perhaps recently, 20¢ a bushel, 25¢ a bushel; that might vary at other

times down to 10¢ a bushel and up to 30¢ a bushel.

Q. So that it varies say from 10¢ to 30¢ a bushel, the difference between them?

A. Yes.

Q. Now, is there any difference in the freight rate on seed potatoes and table potatoes?

A. No.

Q. Could you tell me, Mr. Scales, whether or not the fact that the price for potatoes has not been too good -- I gather that is so from the brief -- has been a factor in forcing the Island people into specialization in the industry?

A. Would you please repeat that?

Q. I will put it this way: would you care to express an opinion as to whether or not the fact that the price for table potatoes has not been so good in the past few years -- I take it particularly the years in the table on page 28 -- whether or not that has led the people on the Island into a specialization in the industry, going into seed potato production rather than table potato production?

A. In other words, you want to get why they are increasing their acreage of certified seed.

Q. Yes.

A. In relation to that of other provinces?

Q. Yes.

A. It is probably because this Island appears to be specially adapted to growing relatively high quality certified seed, and, other things being equal, prices being equal, there is more demand for our seed potatoes, seed potatoes from this province.

Q. That is the main reason, you say, that they go into the seed potato raising?

A. I believe it is.

Q. Does it cost more generally to raise seed potatoes than it does table potatoes?

A. Definitely more.

Q. It does cost more; but you think there would be more profit in it, and that is why --

A. There is an endeavour to get more profit out of it. In other words a man has two arrows to his bow; if he cannot sell them for seed he can sell them for table stock.

(Page 4783 follows)

Q It occurred to me if your competition was keen in Ontario and the central markets that the fact that you are a long way from the markets with a long haul might have driven the Island into specialization. I was wondering if you would care to comment on that?

A It is not necessarily that the Canadian markets are a distance removed. It is the experience of the farmers that on the average they expect to get a little more, irrespective of where the potatoes go, or how distant the markets are, than they do for ordinary table stock.

Q I believe your potatoes are superior in quality generally to the potatoes grown in Ontario and Quebec?

A We think that.

Q You would not deny that?

A We think that. We do not want to go on record otherwise.

Q As a matter of fact, do they not keep better?

A We believe so.

COMMISSIONER INNIS: At page 101 the brief reads:

"Premier Jones referred to the careful efforts being made in Prince Edward Island to produce quality goods, to enable us to offset the disadvantages of freight rates as far as possible."

Would you agree with that?

MR. COVERT: There were several points in the brief that led me to that conclusion. That was one of them, although I understand we are not taking up Part 3 of the brief here. I just wanted to find out what Mr. Scales' views on that were because he has been in the

industry a long while, and he has probably seen it grow from the table industry to the seed potato industry. Perhaps I have not made myself very clear, but the witness answered the question, and I gathered that he did not think --

COMMISSIONER INNIS: I was wondering whether he would agree with Premier Jones on that.

THE WITNESS: Did you say page 101?

COMMISSIONER INNIS: Page 101.

THE WITNESS: To the effect that we endeavour to grow quality goods.

COMMISSIONER INNIS: To enable you to offset the disadvantages of freight rates.

THE WITNESS: I would perhaps put it in a little different way, that we are endeavouring to grow quality goods in any event, which will possibly assist us in the difference in freight rates.

MR. COVERT: Q. On page 29 of the brief you give some figures in a table there, and also in the two preceding paragraphs, of shipments by boat and by rail. Is there any trend away from rail shipment since the 21 per cent increase in the freight rates?

A During the war period it was very very difficult to get steamers, and during that period we were confined almost 100 per cent to rail shipment. It was not a matter of dollars and cents. We could not get the bottoms. Recently bottoms have been available with the result that there has been a marked increase in water shipments. It boils down to a matter of dollars and cents. That is especially true of shipments along the Atlantic coast.

Q I expect a large part of your seed potatoes would ordinarily go by water anyway?

A I will reply to that in this way, that the receiver, the consumer, is prepared to pay a reasonable premium for rail delivery.

Q Why is that?

A But the spread today is so great that he will take water shipment in preference.

Q You say the spread is so great. You mean the spread between the cost of shipment by water and the cost of shipment by rail?

A That is right.

Q Have you any figures on that that would help the Commission?

A I have not such figures here. They are available.

Q Could you supply us with figures on that? Perhaps you could supply them to counsel for the province who could give them to the Commission?

A Yes.

Q On page 30 of the brief, just before you come to the heading, "Livestock", it says:

"It is seen from above that a large part of Prince Edward Island's seed potatoes are actually shipped to other parts of Canada, mainly Ontario and Quebec, with a consequent high freight charge." Could you supply us with a percentage breakdown for these various areas in Canada? In other words, could you give us the Ontario and Quebec markets, for instance, as compared with your total crop? I find none of those figures

in the brief.

A Just repeat that.

Q I think the phrase used is "a large percentage."

THE CHAIRMAN: "A large part".

MR. COVERT: Q. "A large part". What are the figures of shipments to the Ontario and Quebec markets? Are those readily available?

A I think they are shown in the brief here.

Q Would you show me where?

A I am not familiar with the details. I was asked to come in here and express my views, and I have not studied this to any marked extent, but I notice "other parts of Canada", and when it refers to other parts of Canada the big bulk of that is, I believe, west of the Maritime Provinces.

Q Now, there is one other question. Do you think that Prince Edward Island has reached its maximum production of potatoes, either table or seed, or is there lots more room available?

A Give us the markets and we will grow four or five times as many. Give us a profitable market and we will grow four or five times as many.

Q That is, you have lots of good land?

A We have the land available and we can grow quality goods. Take off the tariff to the American points and we will^{make}/Maine feel miserable. Give us satisfactory rates to upper Canadian points. It is the matter of profit that is controlling our acreage. If we did not have a high tariff wall to points along the Atlantic coast we would not be asking Ottawa to help pave our roads or help in this

way and that way. We would not be called a depressed area. We have not access to our natural markets because of a high tariff wall, and high freight rates to our Canadian markets.

THE CHAIRMAN: Q. You are referring to the United States?

A I am referring to the United States.

MR. COVERT: That is all.

COMMISSIONER INNIS: Q. Are most of your potatoes grown as a part of the farmer's crops? Very few farmers concentrate on potatoes alone?

A Very few.

Q Are there some who do?

A There are some who do.

Q Mostly seed potatoes?

A Those who concentrate on potatoes for the most part concentrate on seed potatoes, endeavour to grow seed potatoes.

CROSS-EXAMINATION BY MR. FRAWLEY

Q Mr. Scales, have you any figures to show what the average return is to the potato grower in Prince Edward Island, what it was last year per ton?

A There are no figures available to my knowledge clear of my own private figures.

Q Except your own private figures?

A I have access to no other figures.

Q Do you object to giving us your own returns?

A I have not the figures here. I can only speak from memory.

Q Just an approximation will do for my purposes.

A It cost me approximately \$200 per acre to grow them. My loss was approximately \$25 per acre.

Q You did not get as much for your potatoes as it cost you to grow them?

A No, sir.

Q That was last year?

A That was in the crop of 1948.

Q Was there some particular reason for that loss in 1948?

THE CHAIRMAN: Mr. Frawley, are these seed potatoes or table potatoes?

MR. FRAWLEY: Q. Are these seed or table potatoes?

A Over 50 per cent, perhaps 60 per cent, were marketed as certified seed.

Q And the balance is table potatoes, but on the over-all operation, you lost \$25 an acre. I was asking you was there any particular reason why that occurred in 1948?

A The only reason was that I did not get enough per bushel. You are coming back to freight rates. I will go further and say that if we had not had the price support by the federal government that loss probably would have represented four times as much.

Q That was 1948. That is not the usual state of affairs, of course, is it?

A There was over-production all over America in 1948.

Q Getting back to a normal year, whether it be the year before or the year before that, what return would you get per ton, if you can give it to me in tons for potatoes?

A We do not talk tons here, bushels.

Q Then, what per bushel?

A You ask me about a normal year. I don't know what constitutes a normal year in potato growing.

Q You have not lost \$25 an acre every year?

A No, but I can give you a ten year period of my potato growing, and during that ten years it represented a loss on the average.

Q For the whole ten years?

A Represented a loss on the average.

Q Over the whole ten years it was a loss?

A That is, I can pick out ten consecutive years in my experience, and those ten years averaged a loss. If I take another year in either way I made a profit.

THE CHAIRMAN: Q. What ten years were those?

A That was during the depression.

MR. FRAWLEY: Q. Let us take 1938 to 1948.

You did not lose money in those years?

A Recent years have been profitable.

Q How profitable? How much a bushel do you make? I mean how much did the grower make on his potatoes, gross or net?

A Are you asking me for my experience or --

Q Yes, because you said that you did not know anything about anybody else.

A If I were to answer that question I would have to have access to my ledgers. I would not care to answer that from memory.

Q Mr. Scales, I will ask you about something else. Through how many hands do Prince Edward Island potatoes

go between the farm on Prince Edward Island and the retail store in Montreal?

A For the most part through three hands.

Q What are those stages, Mr. Scales?

A Sometimes through two. There is the man who assembles the potatoes from the producers. We call him for the most part a loader. Then there is the shipper, of which there are a number of them in the province. That loader has never been able to get in the shipping market, or only to a small extent. The shipper is a firm or individual who is more or less skilled in seeking out markets. For the most part he sells those to a wholesaler in the big centre. The wholesaler then distributes them to the retailer.

Q On the Island ownership changes at what point, with the loader or the shipper?

A Well, that will vary, but for the most part the loader owns the potatoes until he sells them to the shipper, for the most part.

Q The loader goes through the country picking up potatoes and buying them from the farms?

A Yes.

Q He brings them to a central assembly station and sells them to the shipper?

A He has a general assembly point, and he sells a carload. He buys them from the farmers in 100 bushel lots, or 50 bushel lots, or bags, and he assembles a carload and he offers them to a shipper.

Q. And the loader, of course, makes a profit?

A. He endeavours to.

Q. And the shipper, of course, makes a profit?

A. He endeavours to.

Q. The co-operative marketing of potatoes seems to have made but little progress in Prince Edward Island. What is the reason for that?

A. Because, to my way of thinking, it is very unstable marketing.

Q. You say an unstable method of marketing?

A. No, unstable marketing. It is a perishable article, and the price fluctuates to a very marked extent; and back of it all -- when you ask about a Co-operative; when one is studying about Co-operatives, or a co-operative basis, the people would pay an average price to the farmer, but the farmer would not be satisfied with an average price. He wants to get the top price of the season. So it is not practical.

Q. That is a matter of education' is it not?

A. You might overcome it by education.

Q. And there does not seem to be much co-operative marketing of any products in Prince Edward Island? I see only two; Federal Dairy Association, on page 32 of your brief; is that a Co-operative? There are two of them, Federal Dairy Association and Wiltshire Dairy Association -- that is, if they are Co-operatives. I do not know if they are or not; are they?

A. I am not in a position to state, to make a definite statement. But I believe the big majority of those are co-operatives, although the name does not

indicate that. For instance, there is the Crapaud; I believe it is. There is Dunk River. I know that is. There is Kensington Creamery. I know that is a Co-operative. I believe the big majority of them are Co-operatives. Q. That looks more promising; thank you.

CROSS-EXAMINATION BY MR. O'DONNELL

Q. Are you a grower, yourself, of potatoes?

A. In earlier years. I have been growing potatoes, not what we would call in this province in a relatively large way, for approximately twenty-five years.

In earlier days I bought and sold potatoes freely, but of recent years I have eliminated the buying and selling, but I market my own production. I am still growing potatoes, and I feel that I know something about the headaches of the grower.

Q. I am sure you do. Do you do any other farming besides potato growing?

A. No.

Q. You specialize in the potato market?

A. I am one of those fellows who come into the court house.

Q. You were asked, according to page 50 of the brief, to write a letter; and you responded there. Who made the request for some comments? Who asked you? Who made the request to you for your comments?

A. I believe that came to me. Incidentally, I am in the fertilizer business and have an office in town. I live thirty miles from here, and next door to my office is one called B. Graham Rogers, and we frequently get together

and swap stories. I believe it was B. Graham Rogers who suggested that I express my ideas.

Q. And that would be the same Mr. Rogers who testified here before you came this morning?

A. I do not know whether he was here or not.

Q. And that is how you came to express your ideas there?

A. Yes.

Q. And last year was a particularly special year, in that there was an over-production of potatoes?

A. That is right.

Q. I suppose the Department of Agriculture summary of the matter is as precise as it is possible to put it?

A. Page 11 of the Department of Agriculture Report?

Q. For 1948, under the heading of Potatoes; and it reads:

"Potato acreage was increased by about 15% above the previous year's level and was higher than sound judgment and good farm management would dictate. Yields of potatoes throughout Canada, as well as on Prince Edward Island, were above normal and more than available markets are capable of absorbing. At the same time the United States crop also proved to be heavy. Difficulties experienced in that market along with restrictions in South American trade due to exchange difficulties, tended to complicate the marketing problem."

That is the end of the quotation; but there are other pages.

That is all I am particularly interested in at the moment.

That is a fair summary of the troubles which you, as a potato grower, found last year in marketing your crop?

A. There was approximately a 15% increase in the crop.

Q. Did you increase yours last year?

A. No. I have been having about the same crop for about a couple of decades, up and down, just the same as you pick your wife, for better or for worse.

Q. Other than that, it was such a good one to get into that the others increased their acreage?

A. It boils down to this that, after a series or a few good years the farmers, as a class, get optimistic and unfortunately they increase their acreage after those successful years; and when the business gets black, they decrease it, whereas, it should be the reverse.

Q. I take it you found that there was not only an increase in your crop in Prince Edward Island but elsewhere as well in North America; and likewise the American farmer increased his?

A. There was a phenomenal crop throughout America, with the result that, under normal conditions, a decent or paying market could not exist.

Q. I see. Now, do you ship into the United States, yourself?

A. Yes.

Q. Last year did you experience any difficulty in getting your potatoes into the United States? I refer to what I understand, that there was an embargo placed on Canadian potatoes?

A. I succeeded in getting them in until the embargo was put on, and I got in one cargo even after that.

Q. You mean -- you must have been marketing yours more quickly than some of the other growers?

A. Yes.

Q. Did you dispose of your crop last year?

A. Yes.

Q. You were more fortunate. Did you delay in selling yours, or did you sell as soon as they were available last year?

A. I made no sales until some time in January. That was not as a policy, but because my particular situation did not permit it.

Q. Now, where do you ship to in the United States, Mr. Scales, or, where have you been shipping before the embargo?

A. To Long Island, New York.

Q. Did you find that the American freight rates on potatoes were considerably higher than Canadian rates for comparable distances?

A. I have not. I must say, gentlemen, -- I want you to believe this -- you will get, perhaps, others who will follow me and who are more conversant with relative freight rates than I am. I have not given that, in recent years, the attention that it should have, to give you intelligent answers on it. All I know is that the rates have gone up.

Q. It might be of interest to the Commission if I recorded the fact that, as I understood from the freight tariff governing rates on carloads of potatoes from Charlottetown, P.E.I., in cents per 100 pounds, effective July 23, 1949: to Montreal, which is 739 miles, it is 36¢. That is under tariff C.V 25-1.

And to Toronto, a distance of 1070 miles, it is 46¢; and, as a matter of comparison, from Grand Falls,

New Brunswick, to Montreal, it is 34¢; and to Toronto from Grand Falls it is 46¢, the same rate as from Prince Edward Island. Whereas, on American rates, from Charlottetown to Newark, N.J., at the present time, under the increase under the tariff of increased rates and charges, 166-C, with a maximum of 20¢ increase, it is 89¢, plus 6 per cent freight charges, under the emergency increase, Ex Parte 168.

And to Norfolk, Virginia, from Charlottetown, it is \$1.05, under the same tariff, plus 6 per cent.

THE CHAIRMAN: What was the previous tariff?

MR. O'DONNELL: The Canadian one was 30¢ from Charlottetown to Montreal, prior to the increase.

THE CHAIRMAN: And what is the present rate?

MR. O'DONNELL: 36 cents. The rate from Charlottetown to Toronto, prior to the increase, was 38¢, where it is now 46¢; and, from Grand Falls, N.B., before the last increase, to Montreal, it was 28¢, whereas it is now 34¢; and to Toronto from Grand Falls, it was previously 38¢, but is now 46¢.

MR. FRAWLEY: You have not got the ton-mile rates on these?

MR. O'DONNELL: No, I have not.

Q. And whether it is seed potatoes or table potatoes, the rate is the same, as I understand it? The price for seed potatoes, Mr. Scales, over table potatoes, is, roughly, 20¢ to 25¢ a bushel?

A. I would say 20¢.

Q. And on a 75-pound bag it would be, roughly, 31¼¢ seed, over the table?

A. Do not forget that we are competing with Maine and other points too, and that they are all trying to grow quality goods.

Q. And in your case, a 75-lb. bag of seed potatoes would sell, roughly for from 31 to 32 cents more than a similar bag of table potatoes?

A. In my submission, yes, at present-day levels.

Q. So there is not much ^{more of a} difference in that price than there is in the freight itself on the bag?

A. No.

Q. You said that a premium is paid in Ontario for your potatoes over the Ontario potatoes. Can you give the Commission any idea of the amount of the premium, generally speaking?

A. Possibly 5¢ a bag.

THE CHAIRMAN: Q. How much is in a bag?

A. 75 pounds. Let me suggest here that entering into that premium is the result that we grade our potatoes more carefully than the Ontario men. We throw out more culls. Their potatoes are not graded to as high a standard as ours.

MR. O'DONNELL: Q. That is what gives you a better price in part?

A. That gives us, in part, a better price.

Q. Away back, so many years ago, when you were shipping potatoes, is not the fact that the rates on potatoes were set then, in 1919, why the basis on table stock -- that was all that was shipped in those days, was it not, generally speaking?

A. 1939 to 1949, yes.

Q. At that time there was no difference, or, rather, there were no seed potatoes, as we know them today?

A. They were all seed potatoes, but they were not certified.

Q. That is right; and today you have two different branches or types of potatoes. What is the spread between table stock and seed potatoes, in price?

A. We have already been over that.

Q. Did I ask you that? Yes, I did. I am sorry. I got my notes a little mixed up here. Yes, 10 to 30¢. Would you have records which would permit you to tabulate, for the information of the Board, the prices? You said that a normal year was rather difficult to go upon; that it was all a matter of --?

A. You tell me what a normal year is, and then I will answer you.

Q. I am anxious to avoid discussion, so would you be good enough to tabulate the prices of Prince Edward Island potatoes from 1920 to date, from your records, if you have that kind of information available, showing prices prevailing, if you have that also?

The other day in New Brunswick we asked that that information be given to the Commission together with the grades which were planted each year, and the yield per acre.

A. I see that I have stepped into something.

Q. If you have that we would be glad to have you do it, I am sure; and also, if you will be good enough to indicate in a separate table the places where these potatoes were marketed; I mean, the shipments to provinces

or states; could you undertake to do that?

A. I could undertake it, as far as my private business is concerned; but from a provincial standpoint, I am not qualified.

Would you have any objection? I don't want to ask you if there is anything you might not like to put on the record, but if you have no objection, I am sure the Commission would be glad to get the first-hand experience of a potato grower and marketer; and if you would do that, I think it would be very helpful.

A. I would be glad to do that.

Q. Do you think there are provincial statistics of that same kind available?

A. I doubt it, as far as price is concerned.

Q. I am interested in your own records, if you have no objection to giving them, and you say that you have not.

A. You won't get it for some little time.

Q. That will be all right. You can send it to the Secretary of the Commission, and he will see that it gets to the Commission. Now, have you shipped any potatoes by water since the end of the war?

A. As an individual, I do not, but as a member of a firm, I do.

Q. Could you tell the Commission whether or not you found that the rates by water since the war had increased considerably over what they were before the war? We were told in New Brunswick the other day that there had been increases in the rates by water shipment of three or four hundred per cent; I do not remember which it was.

A. I am more conversant at the moment with fertilizer; and it should bear a certain relation; and I think it has increased, perhaps, 100 per cent, perhaps double, but I do not think it is any three or four hundred per cent.

Q. Not in your experience?

A. No.

Q. In an official report of the Province of New Brunswick, the report of the Director of Potato Growing, or whatever it is called, he had that figure; but you have 100 per cent, from your own experience?

MR. FRAWLEY: Where is this movement by water?

MR. O'DONNELL: Q. The water shipments you refer to were along the Atlantic coast into American points?

A. Yes. I am making reference to where we could get shipments to. Formerly we made shipments to Montreal by water; but there are virtually few shipments there by water at this time.

Q. Would you indicate more exactly the points to which you ship by water in the United States? You have already referred to it.

MR. FRAWLEY: Q. It is up the St. Lawrence; you say it has been quite a time since there has been any shipment up the St. Lawrence?

A. In earlier days there were many shipments to Montreal by water.

Q. And how many are there now?

A. Very few now.

Q. That rate you have is essentially a rate compelled by water movement? The rail rate, I mean; the

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rail rate you noted of 36¢ is essentially a water-compelled rate, one which is compelled by the water movement?

A. When you ask me about railway tariffs I wouldn't like to comment. I do not know what impulsion you mean.

Q. It is less than a cent per ton mile?

MR. O'DONNELL: Q. At page 30, Mr. Scales, at the top of the page, could you indicate to the Commission about the seed potatoes to other points in Canada? There appear to have been shipments from Prince Edward Island of 1,163,000 bushels in 1947-48. Could you tell us where? Would that be to Montreal or Toronto? Your potatoes are shipped into the upper provinces?

A. There are those who are much better qualified to speak on that than I am.

Q. All right.

(Page 4808 follows)

Q. Have you any idea what the cost of growing potatoes is in Ontario as compared with your figure of \$200 an acre?

A. I have seen the figures, but I have not them before me.

Q. Is it not your memory that they are higher than the cost of growing in Prince Edward Island.

A. Let me comment on this. We have a few fundamental costs. Number one is the cost of seed, number two is the cost of fertilizer. At the present time fertilizer is costing our growers more than it is costing the Ontario growers. Labour and machinery enter into it.

Q. Your seed you get right here, of course, on the Island?

A. Yes.

Q. And do you know how your labour rates compare with those of Ontario?

A. I believe they are cheaper; I believe so.

Q. So you have some advantages on some items and they have advantages on other items.

A. Yes.

Q. And you compete in their market and sell your potatoes at a premium over theirs?

A. A slight premium.

Q. Thank you very much, Mr. Scales.

MR. SINCLAIR: Just one or two questions, if I may, Mr. Chairman.

CROSS-EXAMINED BY MR. SINCLAIR:

Q. Mr. Scales, you have an advantage in soil and climate for the growing of potatoes; that is correct?

THE CHAIRMAN: You have what did you say?

MR. SINCLAIR: Q. An advantage in the growing of potatoes of soil and climate?

A. Some Ontario and Quebec men won't agree with me when I say we have.

Q. Well, the Dominion Bureau of Statistics shows that your average production over a five-year period per acre is only exceeded, and then only by a bushel or two, by New Brunswick over any other potato-growing area of Canada; that is correct?

A. Yes.

Q. The answer to that is yes?

A. Yes.

Q. Now, you have an advantage also over certain other potato-growing areas, in that you have cheaper land; that is correct, is it not?

A. There are some points in northern Ontario that perhaps have cheaper land than we have, in the north, where they are going into potato growing very fast. Up in the northern part, north of Toronto, their land is cheap.

Q. But you have an advantage over southern Ontario?

A. We have had as far as Southern Ontario is concerned, but not necessarily all parts of Ontario.

Q. And you have an advantage, have you not, Mr. Scales, in a distance factor, in supplying the Newfoundland market over other potato-growing areas of Canada?

A. Yes, we have.

Q. And you have an advantage in a distance factor in supplying the Ontario market as against a producer of potatoes in Manitoba, for instance?

A. Yes.

Q. Now, you have been a farmer for a good many years,

Mr. Scales?

A. Yes.

Q. Did you ever grow any grain?

A. Yes.

Q. And you went out of grain growing?

A. No.

Q. Do you still grow grain?

A. Yes, in a crop rotation.

Q. Why don't you grow more grain, Mr. Scales?

A. It is a case of crop rotation, in place of growing more and growing less.

Q. You have no difficulty in marketing any grain you grow?

A. We can market potatoes, we can market grain. It is not a case of marketing it; it is marketing it at a profit. We can always sell.

Q. There is a real deficiency of feed grain right on Prince Edward Island, is there not?

A. Yes, that is right.

Q. And you would not have any transportation charges to worry about in disposing of that grainⁱⁿ/the market, would you?

A. No.

Q. Is it not a fact that the reason why you are growing less grain is because you have got a more economic crop to turn your land to?

A. Grain comes into a rotation. We are not blessed with the rich virgin soils that the western provinces have. Our soil was depleted for many years growing grain, to such an extent that back twenty or twenty-five years ago much of it was very, very poor and had to be supplemented by

other mediums of farming.

Q. I suggest to you that your production has been pretty fair. Even some of my western friends back there would like to see average yields like these for their grains: wheat, 1948, 23 bushels per acre; oats, 40 bushels per acre; barley, 32 bushels per acre; mixed grains, 42 bushels per acre.

MR. FRAWLEY: We sometimes do better.

MR. SINCLAIR: I am glad to know that Mr. Frawley's province has exceeded that on the average; that is nice to know.

Q. Now, if you have an advantage in growing potatoes say over Saskatchewan, and they have an advantage in growing grain over you, and you wanted to be compensated for your disadvantages of distance and they wanted to be compensated for their disadvantages of distance in growing potatoes, and this Commission or someone else recommended that everybody's disadvantages be offset, how do you think that you would gain?

A. Your mind is running in that channel, that a reduced rate would be made on our potatoes to western Canada, a reduced freight rate, in the same way as the reduced freight rate on grain coming to this province. You can only carry that so far. I don't know.

Q. You would not like to answer that?

A. That is too deep; you are getting me beyond my depth when you get me in that.

Q. Now, you talked about the incidence of transportation charges; have you made any detailed study of the incidence of transportation charges in the movement of potatoes?

A. No.

Q. Over a protracted period?

A. No, I am not a student of that.

Q. Has the Potato Council of the Prince Edward Island Shippers' Advisory Association -- are you a member of that?

A. I believe I am.

Q. Have they made any studies?

A. I have paid my dues, but it gets virtually no attention from me; I think they collected a due from me.

Q. Have you ever seen any studies of theirs as to the incidence over a long period of the cost of transportation of potatoes?

A. I doubt if they have, because they came into effect very recently, one or two years ago, I think less than two years.

Q. Have you ever given any thought, Mr. Scales, as to whether, if assistance is to be given to a producer or an area, the proper method of giving that assistance is in some other way than through a reduction of transportation charges?

A. Will you please repeat that?

Q. Would you read it to me, please?

THE REPORTER: "Have you ever given any thought, Mr. Scales, as to whether, if assistance is to be given to a producer or an area, the proper method of giving that assistance is in some other way than through a reduction of transportation charges?"

THE WITNESS: I have not given it enough study to talk on it intelligently. You are getting me beyond my depth.

Q. Well, I was just wondering if you and some of your friends in Prince Edward Island had ever made any studies or if you knew of any studies that had been made?

A. I would rather not.

Q. By practical men, I mean?

A. All I meant was, I would say this: I am a farmer, and I am specializing in the production of potatoes, which is only one branch of farming in this province. It is an endeavour to make a livelihood and a return on our production comparable with the return being made by farmers in other sections in Canada, especially middle Canada. We find it very difficult, and how we can be put into a position whereby we could enjoy such a return is to me a difficult question. Freight rates come into it to a certain extent.

Q. But they are not as large an issue as lots of people think they are; isn't that right, Mr. Scales?

A. It is not the whole thing.

MR. COVERT: Just before Mr. Scales leaves, I just wanted to clear up one point.

EXAMINED BY MR. COVERT:

Q. When freight rates are compared from Prince Edward Island or New Brunswick to Toronto and from Charlottetown to points in the States, I would like to know if the market price of the potatoes in the two areas is anywhere near the same; do you know, Mr. Scales? -- the selling price of the potatoes in the American market and in the Candian market?

A. They must have a close relation at any time; otherwise that market having the low price will get no potatoes from us, because we will sell in a high market.

COMMISSIONER INNIS: Q. Doesn't the quota make a good deal of differace?

A. The quota?

Q. Yes.

1. The first part of the report is a general
statement of the purpose and scope of the study.
It is followed by a description of the methods
used in the investigation. The results of the
study are then presented in a series of tables
and figures. The final part of the report is a
conclusion which summarizes the findings of the
study and discusses their significance.

2. The second part of the report is a detailed
description of the methods used in the investigation.
This includes a description of the subjects, the
instruments used, and the procedures followed.
The results of the study are then presented in a
series of tables and figures. The final part of
the report is a conclusion which summarizes the
findings of the study and discusses their
significance.

3. The third part of the report is a detailed
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series of tables and figures. The final part of
the report is a conclusion which summarizes the
findings of the study and discusses their
significance.

A. It would not make any difference, only it changes that relation. If you are making reference to the quota whereby we get into the States at a $37\frac{1}{2}\phi$ rate, after which it is 75ϕ duty per 100 pounds, that means when that quota is filled $37\frac{1}{2}\phi$ per 100 pounds additional cost to make delivery, therefore if we cannot get that $37\frac{1}{2}\phi$ additional at the other end, and the Canadian market remains the same, we will certainly divert them to the Canadian market. It is just a question of supply and demand and cost of delivery.

Q. But there is a divergence as a result of the quota?

A. We would not continue selling in a market where the returns are below those that we could get from some other source after taking cost of delivery into consideration.

MR. COVERT: Q. Then, Mr. Scales, if there were such a difference between the freight rate from Charlottetown to Montreal and Toronto as compared with Charlottetown to Newark and Norfolk, ^{and} your prices are somewhat the same, most of your potatoes would be going to the Toronto and Montreal market?

A. If the Toronto and Montreal market would net us more money, or even I would say virtually the same money, they would go to the Upper Canadian markets, and then we would probably fill those markets and their prices would fall, sag down.

MR. O'DONNELL: Supply and demand.

MR. COVERT: Q. All that boils down to is this, I take it, that you look at the prices on the various markets, and you figure the freight rates or transportation costs?

A. Costs of delivery.

Q. And you decide to which market to ship?

A. And the risks of shipping to those markets.

Q. The risks -- what would they be.

A. Which enters into it. There is a greater risk in shipping in the wintertime, especially during the cold weather, to the American markets as compared to the Canadian markets, because of the possibility of getting them frosted en route, and not being able to establish a claim against the railroads, against the carriers.

Q. They are shipped at your risk, are they?

A. For the most part, for the most part.

Q. Do you take out insurance for that?

A. No; there is no insurance available to cover it, to my knowledge.

Q. That is all, thank you very much, Mr. Scales.

THE CHAIRMAN: Thank you, Mr. Scales.

THE WITNESS: May I, sir, introduce something a little at variance with this? I picked up a tariff -- I tell you, I am giving more attention to fertilizers these days than I am to potatoes. I make my money out of potatoes if I can; if I can't, I can't. A tariff came into my office a few days ago, Supplement 134 to C.N. Railways Tariff C.J.24, which provides rates for 100 pounds as follows : sulphate of ammonia, 60,000 pounds, competitive, not applicable to intermediate points, Montreal to Saint John, 31¢ a hundred; Montreal to Charlottetown, 38¢ a hundred; Montreal to Windsor, 39¢ a hundred. Item No. 8-G of the same tariff gives a rate on the same goods from Hamilton, Ontario, the same conditions: Saint John, Charlottetown, each 41¢ a hundred. Now, on the former tariff there is a spread of 7¢; in this case the same. In my position as a layman it

is hard to understand. It is not that it is 7¢, but why should there be a spread of 7¢ in one case and the same in the other? Mr. Matheson can probably delve into those things.

MR. MATHESON: Q. Would you mind giving the tariff reference again, Mr. Scales, and the numbers?

A. Tariff C.J. 24, Supplement 134, Item No. 7-J, which gives rates from Montreal; Item 8-G, which gives rates from Hamilton.

Q. What is the rate from Hamilton to Saint John vis-a-vis --

A. 41¢.

Q. And Charlottetown?

A. 41¢. But when the same goods come from Saint John there is a spread of 7¢. In other words, from Hamilton there is no spread at all. I can go on with super-phosphates, some discrepancies that a layman is unable to understand at all.

MR. O'DONNELL: Q. You did not ask any of the railway officials to explain it to you, did you, Mr. Scales? They would be glad to if you communicate with them.

A. I could show you a sheaf of correspondence, but I cannot get replies, any satisfactory replies.

MR. O'DONNELL: Well, you bring it to me, and I will see that you get a reply.

MR. SINCLAIR: Satisfactory.

MR. O'DONNELL: Q. Oh, you mean satisfactory?

A. Satisfactory.

Q. That is, a low enough rate to suit you?

A. Well, the reason --

MR. COVERT: Q. May I see this?

A. This is just something I drafted roughly. Here is one, item No. 7-J, making provision for a rate on sulphate of ammonia from Montreal to Saint John, New Brunswick, at 24¢ minimum 80,000 pounds. This ^{is} 7¢ lower than the minimum of 60,000 pounds. Why is not a similar reduction for 80,000 pounds provided for the other destination shown in the tariff? In other words, if I bring it into Charlotte-town at 80,000 pounds, I do not get any reduction because I bring 80,000 pounds. Item 94-A, super-phosphate, minimum 80,000 pound, competitive rate, not applicable to intermediate points; proportional rate applicable on tariff for manufacture and re-shipment by way of C.N.R.; Beloeil to Saint John, 24¢. The same goods can come to any point on Prince Edward Island and to any intermediate points at 23¢, a cent lower.

(Page 4820 follows)

Why is the rate to Saint John higher than to P.E.I. points, on the average about 100 miles further, and at the same time confines the movement to bulk goods to Prince Edward Island to one destination for use for a particular purpose, and for reshipment by the Canadian Pacific Railway? It is hard for a layman to understand.

MR. O'DONNELL: Mr. Scales, if you would like to let me look at the file of correspondence you mentioned, where you had no reply, I will be glad to see what I can do.

THE WITNESS: I have the replies.

MR. O'DONNELL: You have replies?

THE WITNESS: But it takes months and months and months.

MR. O'DONNELL: If you would let me look at the file I will be glad to go over it with you, and we will see what your troubles are.

THE CHAIRMAN: All right, Mr. Scales. Is there anybody next?

MR. COVERT: Mr. Darby, who is the next witness?

MR. DARBY: Eugene M. Gorman.

MR. COVERT: I might say, Mr. Chairman, that I understand from Mr. Darby that this witness will talk about fisheries.

EUGENE M. GORMAN, Called

EXAMINED BY MR. DARBY:

Q. I believe, Mr. Gorman, that you are chairman of the Fishermen's Loan Board of Prince Edward Island?

A That is right.

Q And in addition to that you are also the director of extension services, St. Dunstan's University?

A Yes.

Q Just what does that involve?

A Well, as the name indicates, it is the extension of education outside of the walls of the college. In this case it concerns itself with adult education among the fishing communities.

Q I believe in addition to the other two positions that you occupy you are also secretary of the Fishermen's Central Co-operative? Is that correct?

A That is right, sir.

Q Mr. Gorman, I should like you to discuss the fishing industry here, especially with regard to the present method of disposition of fish since the withdrawal of federal assistance, and the difficulties that they are undergoing at the present time. I will leave that with you. I do not think you need any further leading in that regard.

A I am at a little disadvantage in doing that, unarmed as I am with statistics, and more prepared to answer questions than to give an outline of our fishermen's problems, but I will endeavour to give a few points.

Here on the Island our geographic situation mitigates against us in this way. We are frozen in as far as fisheries are concerned, for the winter months. The consequence of that is that we cannot profitably, or cannot at all enter into very many fresh fish contracts such as you might find in other parts of the Maritimes or the coastal areas. They have frozen fillet plants and various

other things that more or less level out the industry. We are not permitted to do that.

During the war we had brief relief, and immediately following the war, due to the canning program. That gave our fishermen considerably better returns for as long as it lasted, but that has gone now, and we are back to the system under which we marketed and processed our fish before the war, that is, it can be salted and shipped out to the various markets of the world.

There again, because of our geographic position, and the fact that it is an inland sea and frozen in winter time, we are condemned again to marginal operations. We cannot put up a plant that could discharge their depreciation and operating expenses over a twelve month period of operation, but rather over a period of operation sometimes extending from April until October.

I am not familiar with freight rate scales, but I want to draw on one that I think I can remember which has to do with barrel fish. I can recall when the barrel fish rate, the one that I remember and have compared recently, was around 70 cents or 68 cents. The rate now is up over \$1. That may not seem a great deal --

THE CHAIRMAN: Q. From where to where?

A That would be from Hunter River.

Q To where?

A Hunter River - I believe if my memory serves me correctly that is from Hunter River, Prince Edward Island, to Chicago, I think it was. However, I present that from memory, but what I am getting at is that even a small increase on the rate of this salt fish, this barrel fish,

has a terrific incidence when you consider the fact that the fisherman only gets about \$1.50 for the barrel. In other words, it is not a high priced item. On that green salted codfish I gather the difference to the fisherman now and three years ago is about half a cent a pound. That again does not appear to be a very great difference, but there again you must consider the fact that the fisherman only gets three cents for a large fish, and perhaps two cents, two and a half cents or even less for a smaller fish, so half a cent difference represents a fair proportion, half a cent out of that.

MR. O'DONNELL: Q. Are these the prices per pound or per fish?

A Per pound.

THE CHAIRMAN: Q. What was the assistance three years ago and further back?

A Well, during the war ~~du~~ the shortage of food fish was considerably in demand. It was in demand for relief shipments, hence canned. During that time we put up codfish in what was called chicken haddie, and also hake, ground, in other words. We sold that fish for as much as \$10.50 a case, and the return to the fisherman was up as high as six cents, five and a half, five cents per pound. That was a case of forty-eight tins.

MR. COVERT: Q. Probably ~~be~~ you might explain this to the Chairman. I believe those sales were to UNRRA. Is that not correct?

A That is right. Eventually they went to relief shipments.

THE CHAIRMAN: There was some talk of government

assistance.

THE WITNESS: I was coming to that. That ceased, and last year was the last that we delivered, but last year the total that we sold here was bought by the government, and very possibly not shipped to UNRRA because those markets dropped off. The government assistance that was referred to was a stopgap program to try to level off the impact of the cessation of canned fish.

THE CHAIRMAN: What form did the government assistance take?

THE WITNESS: They set up the Prices Support Board with \$24,000,000 earmarked, not set aside, to be used to tide the industry over from the abnormal years of the UNRRA market, and so on, to the years that would follow. They used some of that to purchase this fish directly. In some cases I believe they had to give it away, so the program stopped entirely this year.

THE CHAIRMAN: Now you are back on your own resources?

THE WITNESS: That is right, and a freight increase now is more disastrous to us than it would be then because the returns have gone back. I might point out that if I had known I was to give a more complete outline I would have brought a graph here which we had presented to us a few days ago when we were considering another matter. I imagine it can be had from the Department of Fisheries at Halifax. I cannot give you any figures from the graph, but it was pointed out, in urging us to realize the seriousness of our position, that at no time did the hills and valleys, shall we say, of our fishermen's income graph

equal those of fishing communities very near us but on the mainland, and connected with open waters in the winter time.

I can give you an example from my own management of a fishermen's co-operative. In 1946 I guess we had our best year that we have had in decades in fish. I am speaking now of small fisheries. I am not talking about places where we have draggers and large boats and big factories, and so on. I am speaking of small villages which constitute our Island industry. That means 30-foot open boats or 40-foot open boats and small volumes. Our best producer in that year made about \$2,500, all of which was not clear. That was the best year in the history of that place. That is North Rustico. That may indicate to you that, although we have good times and bad times, our good times do not lead very high. Our prosperity was good, but it was just a decent living that year, and we are faced now with the possibility that these men won't be able to stay at it.

COMMISSIONER INNIS: Q. Would that be mostly lobster?

A Although lobster does account for \$6,000,000 of our catch, whereas ground fishing accounts for about \$12,000,000, lobster is now on its way down. It is only a two month business, and the fisherman has to work quite a lot of the time in the other months of the year on his rigging and equipping his gear. He cannot just go down to the shore on the first of May and begin lobstering, and at June 30 go and leave it.

I will give you the history of that man I

mentioned who made about \$2,500. This year that man is farming, as the fisherman says, 525 traps at an actual value of about \$2.50 each, much of which is his time through the year. Therefore, although you may see a can of lobster in a store at a high price it does not bring a terrific bit of prosperity to the fisherman involved.

By way of emphasizing that even more, if I am not mistaken, we sold twine in 1946 in the low 30 cents per pound. Last year I believe it was 90 cents. Various other costs have gone up accordingly. Rope went from about 18 cents to 44 cents, so although lobstering shows a high market value there is a terrific expense involved, and the catch is decreasing and the price is going down. I believe that I should leave this outline now. Perhaps I am giving you information that is entirely outside the knowledge that you would like to have. If I can answer any questions from counsel I will be glad to do so.

EXAMINATION BY MR. COVERT

Q There were a few questions I wanted to ask you. The fishermen of the Island would be what is commonly known as inshore fishermen?

A Yes.

Q You do not use draggers at all?

A I could not say that with 100 per cent accuracy. There actually is a dragger, or perhaps more than one. I know of one on the Island, but they do not land here. It is out of here and they fish somewhere else. Practically speaking I think you can say we have no draggers.

Q You do not have fish processing plants such as

they have in New Brunswick and Nova Scotia for fresh fish?

A Not on the same scale at all, no.

Q Your main fishing business would be the salt fish industry?

A It has become so now.

Q And after the sales to UNRRA ceased then, as I understand it, the government to weaken the blow bought the fish in the following year, and now that is finished.

Is that right?

A Yes.

Q The canned fish which you sold to UNRRA, and which the government bought, is what you call ' chicken haddies?

A No, there would also be in that canned mackeral and canned herring.

Q Is there no sale for that at all locally?

A Well, I would not say there is no sale, but it is very very small. It would not absorb a fraction of the production even of our small fisheries here.

Q As a matter of fact, generally people in Canada do not buy that fish much, do they? It is really for European consumption?

A The over-all consumption of fish by the Canadian people I believe is 11 pounds point something per capita as against 22 pounds of chicken, so that the Canadian consumption is very low.

Q What I was coming at was that the Canadian consumer does not buy that canned mackeral and canned haddie?

A Not as much as otherw , no, they do not.

Q On page 34, under the heading "The fishing industry", in the last of the first paragraph you say:

"Our trade is wholly export." That follows right after the statement:

"Lobsters, the mainstay of the fisheries of the Island, accounted for 64 per cent of the total landings."

Then you say, "our trade is wholly export". Are there any sales at all on the Island?

Page 4832 follows

A. Well, it may sound very strange, but practically none, because you take into consideration the fact I mentioned about being out of the fish business for six or seven months of the year.

The effect of that, with our restaurant and hotel trade, is that in order to be sure of supplies during those months when we cannot supply them, they must contract with twelve-month operating companies for their whole supply.

We cannot sell even fresh fish, to any great extent, here. Then, the other volume of consumption would be, in the greatest part, made by the local fishermen, who salt a few barrels of fish, and then peddle them around the country. They do not figure in any company's commercial operations very much. So you can see that it is practically all exported, either provincial or national.

THE CHAIRMAN: Q. Did you say where it is exported to?

A. I say it is exported from the province and, perhaps, from the nation.

MR. COVERT: Q. Does that apply to the lobster industry too, and that the lobsters are practically all exported?

A. Oh, yes, more so than the others. You mean, exported from Canada?

Q. No.

A. From the Island?

Q. Yes.

A. A very, very small percentage of our lobsters stay here.

COMMISSIONER INNIS: Q. Mostly live lobsters?

A. Mostly live lobsters? That which would not find its way into eating places is exported as live lobster as well as canned lobster.

Q. Is live lobster more important than canned lobster?

A. I would not be able to tell you that for the whole Island. On the north side, live lobster is nine-tenths of the lobster; but on the south side, that proportion is more like half and half. But I believe that canned lobster is the more important.

MR. COVERT: Q. On page 37 of the brief you will notice in the figures you give for the marketed value, that it is given as \$2,958,429.

THE CHAIRMAN: Whereabouts is that?

MR. COVERT: At page 37, the last figures under the tables.

THE CHAIRMAN: Landed value, yes.

MR. COVERT: Q. That landed value, is that the price which is paid to the fishermen?

A. I think it is, but I am not sure of that, though. But I would take it as that, yes. I do not know who made this up, or anything, but I think that is the price to the fishermen, and the other is the difference in processing.

Q. And the marketed value would be \$2,958,429? And the balance would be the cost of processing and so on. You could not give us a breakdown of that at all?

A. No, not at all.

Q. And the footnote at the bottom of the page reads:

"Most of this canned fish was bought by the federal government, in 1948."

I suppose this would be really an abnormal year?

A. From what standpoint?

Q. If it had not been for the previous purchases for UNRRA and the government policy at that time, for the year 1948, the total production of fish in the Island would not ordinarily reach that figure of \$2,958,429. Is that correct?

A. I am not sure. You see, the catch in that year was not an abnormal catch. There might have been more men working at it, but the poundage, I do not think you could say, would be an abnormally high poundage.

Through the greater returns of previous years or otherwise, the lobster poundage was not high, and the cod-fish and ground fish poundage was not high.

Q. Would you turn to page 51 of the brief and you will notice there is a quotation from Jenkins Brothers Limited; and in the third paragraph they give the figures for freight at \$1.11 per cwt plus 6% on the total amount of freight.

"Previously in 1946 when we were putting up the same process the rate was 72½¢ per cwt."

I wondered what you had in mind there?

A. I was drawing from memory then; I imagine they were shipping from Summerside, I think, perhaps to the same points.

Q. To Milwaukee?

A. To the same area.

Q. Yes, and it has to do with herring?

A. That is right.

Q. Do you know whether that \$1.11 per cwt. plus 6% of the total amount of freight -- I suppose that is largely freight rate over American lines?

A. I think that would be cleared through Sarnia, Ontario; I believe so, from my own experience. I think that probably went through Sarnia, but you had better check that with your railroad men.

Q. And that plus 6% of the total amount of the freight?

MR. O'DONNELL: That is Ex Parte 168.

MR. MATHESON: Those rates are correct. They include the Ex Parte increase 168. That would be a through rate on fish, if I remember correctly.

MR. O'DONNELL: Yes, an international rate on them.

MR. COVERT: Q. Now, following the quotation there is a statement there on page 51 which seems in the nature of a complaint, by Mr. Cameron, the manager of Jenkins Brothers Limited, who says he was unable to obtain a rate on freight in time to prepay some Summerside tonnage on the Canadian National Railways. Do you know anything about that?

THE CHAIRMAN: Where is this?

MR. COVERT: It is at about the middle of page 51.

THE CHAIRMAN: Yes, I see it now.

MR. COVERT: Is there going to be someone called to give evidence as to that?

MR. DARBY: We are to have Mr. Cameron here for questioning.

THE CHAIRMAN: That is, somebody who is better acquainted with this study?

MR. COVERT: I believe so.

THE CHAIRMAN: Then we will hear him tomorrow morning.

MR. COVERT: Q. I wanted to find out if there were many complaints of this character?

A. I would say that was correct. I have had experience myself of being unable to get a rate from our own station, but if I had the time, or could telephone to the office in Charlottetown, I could get it in a matter of minutes. But possibly the difference there, as in our own case -- we would not be able to get a rate from our local man.

MR. O'DONNELL: Q. That is at Rustico?

A. It would be from our shipping point, but we have not had any experience of that down here.

MR. COVERT: Q. On page 52 in the quotation of Mr. Brehaut, the letter, about nine lines down, it is stated that:

"As a result of freight Prince Edward Island fishermen do not receive returns for their raw fish in proportion to prices received by fishermen in Nova Scotia or New Brunswick. . . ."

Now, that has to do, I think, with the fact that they have to buy salt, and they pay a higher freight on salt?

A. Yes, it would be; because, as I have mentioned, most of our ground fish exported now is green salted fish, of which a great percentage is actually salt, on which we have to pay freight two ways.

THE CHAIRMAN: Q. Where does the salt come from?

A. The salt comes from Inaugua.

Q. Would the salt from Malagash in Nova Scotia -- would that be what the fishermen would use?

A. Some do, but we never did. There are preferences regarding salt. The Malagash salt was never used in our case, but it is coming into its own more now. I think it would be mostly the Inaugua, the so-called Liverpool salt.

Q. Where does that come from?

A. That would come from the West Indies.

COMMISSIONER INNIS: It is a solar salt?

A. A solar salt, yes.

MR. COVERT: Q. That would be the cause of its being a water rate, that they would get it cheaper in, as you suggest, Nova Scotia and New Brunswick; and that is a disability under which the fishermen suffer, over here?

A. Yes. And we suffer somewhat from the fact of being out on a limb here, in that everything we use to go into it has to come into us, as well, here.

Q. Are you suggesting that there should be a special rate on salt to compensate for the disadvantage under which the Prince Edward Island fishermen operate?

A. I am afraid I do not know enough about the freight rates to make any suggestion.

Q. It is just pointed out?

A. But I have thought that these freight percentage increases hit us rather more than they would, were we in Central Canada, for instance. I do not know if that is right or not, but as a layman I hold that opinion. However, I do not know enough about this business to make a suggestion.

Q. In one of the briefs which has been submitted to us there is a suggestion that if there was a ferry across from West Point to Buctouche, that that would enable the fishermen to sell their fish to the processing plants in New Brunswick. And this was the last point I wanted to discuss with you.

Do you think that the Prince Edward Island fishermen could compete with the New Brunswick fishermen who fish with draggers, and so on, to supply fish to the processing plants in New Brunswick?

A. I believe that would be an important point, because at the present time we have fish being transported in these small boats under very risky conditions to these very plants, and it could possibly be done by freight shipment. I believe that that would be an important point, because, if that were possible in a more direct line than by that proposed ferry you mention, we could send trucks over. Up to lately, it has not been very difficult to use trucks.

Q. That would enable your fishermen to get into the fresh fish industry as compared to the salt fish industry?

A. I do not know if it would enable us to get into the fresh fish, because we would still have that difficulty of being frozen in, but it would enable them to get pickled fish to those processing dryers, which may be there, at a lower transportation cost.

MR. COVERT: That is all.

THE CHAIRMAN: We shall now adjourn until tomorrow morning.

---At 4.45 p.m. the Commission adjourned until Tuesday, July 26, at 10.30 a.m.

A.R.

Canada
ROYAL COMMISSION
~~REPORT~~ ON
TRANSPORTATION

EVIDENCE HEARD ON

JUL 26 1949

Session 1948-49 VOLUME

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Please make the following changes in transcript of evidence, July 26th, 1949, Volume 26:

<u>Page</u>	<u>Line</u>	<u>Correction</u>
4845	12	"National Transcontinental" should be "Intercolonial".
4847	9th from last	"shore" should be "shorter"
	8th from last	"a short" should be "the shorter"
4878	12th from "	Should read: "has 700 miles to go to his market?"
4879	1	"other than" should be "over that of".
	11	Delete "to"(end of line)

ROYAL COMMISSION ON TRANSPORTATION

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ROYAL COMMISSION ON TRANSPORTATION

CHARLOTTETOWN, B.C.,
TUESDAY, JULY 26, 1949.

THE HONOURABLE W.F.A.TURGEON, K.C. LL.D.	-	CHAIRMAN
HAROLD ADAMS INNIS	-	COMMISSIONER
HENRY FORBES ANGUS	-	COMMISSIONER

G. R. Hunter,
Secretary.

P. L. Belcourt,
Asst. Secretary.

MR. COVERT: Mr. Chairman, Mr. Barry, representing the Province of New Brunswick, has asked permission to read into the record a letter.

MR. BARRY: The letter, Mr. Chairman, is with regard to the information requested by the Commission and by counsel for Alberta, Mr. Frawley, with respect to the Motor Carrier Board of New Brunswick with respect to the control of trucks. The letter is from the Secretary of The Motor Carrier Board, addressed to myself, and reads as follows:

"Dear Sir:

"There are seven licensed common carriers operating as motor trucks under the Motor Carrier Act in this Province.

"There are hundreds of others operating in violation of the provisions of the Act.

"For some time it has been the Board's policy not to carry out the provisions of the Act relating to motor trucks as it was found difficult to administer.

"Yours very truly,

(sgd) G. Earle Logan, Secretary."

The Secretary explained to me that from their experience they found it absolutely impossible to properly control trucks in the carriage of goods, and they abandoned any enforcement of the section.

I have a copy of the Motor Carrier Act, as revised, which I will file as an exhibit.

MR. FRAWLEY: That means, I take it, Mr. Barry, that for practical purposes there is no rate regulation of the carriage of goods by truck in New Brunswick?

MR. BARRY: That is the statement made to me by the Secretary of The Motor Carrier Board. He said it was impossible to enforce it on account of the thousands of trucks.

THE CHAIRMAN: Does the Act provide for such?

MR. BARRY: It does provide for it, sir.

THE CHAIRMAN: But it is not enforced?

MR. BARRY: It is not enforced.

MR. COVERT: I think, Mr. Chairman, we will file as Exhibit 58 the copy of the Motor Carrier Act of the Province of New Brunswick and the letter from the Secretary of The Motor Carrier Board. The letter is dated July 22, 1949.

EXHIBIT 58: Letter, from G. Earle Logan, Secretary of Motor Carrier Board of N.B., to J. Paul Barry, dated July 22, 1949. The Motor Carrier Act, 1937 (New Brunswick)

MR. COVERT: Mr. Chairman, Mr. O'Donnell has asked to make a statement at this time.

THE CHAIRMAN: What is it about?

MR. O'DONNELL: Mr. Chairman, it is with respect to the reference which was made yesterday concerning the advertisement which appeared in the local newspapers regarding the summer service or additional train service between Charlottetown and the ferry at Borden. It was suggested, I think, that that advertisement appeared concurrently with the arrival of the Commission, and there was some inference that it had been done for the express reason or for the reason of impressing the Commission, I think. In any event, the Commission has the facts fresh in its mind, and it is on the record.

That train, my lord and members of the Commission,

is one that has run, that additional train service has been run, which was provided during the summer months for years and years. In the short time at our disposal I asked that the figures, or, rather, the dates when the service commenced and ended, should be made available to the Commission for the last six or seven years. It goes back many years beyond 1944, but in 1944 trains numbers 41 and 42 -- and it is a double train service which is referred to in the advertisement-- commenced on the 21st of May and ended on the 24th of September. In 1945 it commenced on the 21st of May and ended on the 29th of September. In 1946 it commenced on the 19th of May and ended on the 28th of September. In 1947 it commenced on the 19th of May and ended on the 27th of September. In 1948 it commenced on the 28th of June and ended on the 11th of September. And this year, 1949, it commenced on the 27th of June and will end on the 6th of September.

The time-table containing the running hours of those trains was issued by the C.N.R. on the 24th of April, 1949, and at page 12 one will find reference to train 41 and train 42, and then the note on the side of the page that those trains will run June 27 until September 6 inclusive to Moncton only.

Now, in an endeavour to develop further business, I assume, for the railway and in the hope that those trains would warrant their being run, it was recommended some time ago at an operating meeting of the officials that possibly announcements in the local press would be of assistance in helping to develop train fares or passengers, because, as a matter of fact -- and again we have only had time to take off figures for part of the time -- that train, train 41,

in July of this year, taking the first 24 days, during which 20 trains ran each way, had an average of 14 passengers -- additional summer service for an average of 14 passengers. Train 41, Charlottetown to Borden, the train that leaves at 2:10, had an average of 14 passengers. Train 42, the other one in the summer service, which train runs from Borden to Charlottetown, had an average of 50 passengers.

In an endeavour to develop that traffic, advertisements appeared in both the local papers. In the Guardian it appeared on July 12, 14, 22, and will continue to run until July 26, which is to-day. In the Patriot it appeared July 11, 13, 23, and will run on the 28th. I think that the advertisements are more than warranted, in view of the very slight patronage of these trains.

However, the inference that this was done merely for the purpose of impressing the Commission is scarcely warranted, in the light of those facts.

There is just one other slight statement I might make at this time. Reference was also made to the fact that Prince Edward Island should have the benefit of what was called the short mileage to Montreal or the short trip to Montreal. From Charlottetown, P.E.I., to Montreal, Quebec, via Campbellton, which is the Intercolonial Road, the mileage is 774 miles; Charlottetown to Montreal via Edmundston, which is the National Transcontinental Road, the mileage is 739 miles; and from Charlottetown via Saint John it is 703 miles. Now, going by Saint John there is a delay or there would be a delay on interchange which might run anywhere from 8 to 10 to even 24 hours' delay, depending upon what the situation was in the terminal there, and the additional 36 miles, the difference between the National Transcontinental mileage

and the 703 miles, could, in the view of the operatives of the Canadian National Railway, be easily covered during even a part of the time that it would require to effect an interchange. The passenger trains run on the I.C.R., the Intercolonial Railway, because of the fact that that is where the populated towns are for the most part. Freight trains are run over the N.T.R.

THE CHAIRMAN: You tell me that the difference in mileage from Montreal to Moncton -- is that it?

MR. O'DONNELL: Montreal via Edmundston.

THE CHAIRMAN: From Montreal to Moncton, for instance, via the National Transcontinental, is only 30 or 40 miles shorter than by the Intercolonial?

MR. O'DONNELL: That is what the figures show, yes, my lord: Charlottetown via Edmundston from Montreal, 739 miles, and Charlottetown via Saint John, 703 miles, a difference of 36 miles.

THE CHAIRMAN: How do we account, then, for the statement that the Intercolonial was 250 miles longer than it should have been?

MR. O'DONNELL: I am speaking of all National Transcontinental here, my lord.

THE CHAIRMAN: I know you are, but you are saying that the Transcontinental is 30 or 40 miles shorter than the Intercolonial, are you not?

MR. O'DONNELL: On that part of the trip, I suppose. The 250 miles I imagine is from Halifax through to Montreal.

THE CHAIRMAN: Once you get to Moncton you are on a straight line north from Halifax.

MR. SINCLAIR: I think that the mileage figure, my

lord, of 250 miles, comes from Sir Sanford Fleming's history --

MR. O'DONNELL: We can't find it.

THE CHAIRMAN: Well, you see, it is stated in several of the briefs.

MR. SINCLAIR: Well, I have checked Sir Sanford Fleming's history, my lord.

THE CHAIRMAN: A great deal was made of it. I have been wondering all along why nobody ever mentions the National Transcontinental.

MR. SINCLAIR: The figures work this way, my lord: if you look at Sir Sanford Fleming's history, you will find that he spoke of three routes -- the present route of the Intercolonial, the central route, which is the route of the National Transcontinental, and what he called the Frontier route, and he considered that that Frontier route would be on the frontier of Canada. Of course, as a result of the Ashburton Treaty, Maine came into Canada, and therefore the route that he looked upon as the Frontier route, which he advocated, the short-line route, was and is the Canadian Pacific route to-day to Saint John.

THE CHAIRMAN: Through the State of Maine.

MR. SINCLAIR: Through the State of Maine.

THE CHAIRMAN: Not all Canadian.

MR. SINCLAIR: No; but if you take the mileage to Saint John via the Intercolonial as compared to the short-line mileage of the Canadian Pacific, it will come to 248.9 miles longer via the Intercolonial than if you take the short line of the Canadian Pacific to Saint John.

MR. O'DONNELL: But it does not run to Saint John.

MR. SINCLAIR: Quite so.

THE CHAIRMAN: To Saint John, because the

Intercolonial brings you around to Moncton and then you go back to Saint John .

MR. SINCLAIR: Quite so; but if you take Moncton as the hub of the Maritimes and then figure the mileage of the three routes, you come to a very different result, and it was my intention when Mr. Matheson was on the stand to ask him about it.

THE CHAIRMAN: Different in what respect?

MR. SINCLAIR: Well, if you take the centre of the Maritimes as Moncton -- and it is constantly referred to as the hub of the Maritimes by many people here -- you will find that the National Transcontinental extra mileage to Moncton is only 70.3 miles, and the National Transcontinental is 34.2 miles, and therefore, taking Moncton on the short route, there will be 40 miles on the Canadian Pacific. Now, how that 250 miles has ever been accepted as the basis of all these matters is something that is difficult to understand, unless it was that somebody asked the question, and apparently it was asked of the President of the Canadian National by the Duncan Commission, and he quite properly said, "Oh, yes, 250 miles longer to Saint John."

THE CHAIRMAN: Than through the State of Maine.

MR. SINCLAIR: Yes, than the C.P.R. line; but if you take the centre **of** the Maritimes, it certainly is not 250 miles.

MR. MATHESON: Mr. Chairman, I will file with you a map which was taken from Sir Sanford Fleming's book which will give the different routes, the Robertson route and the route through New Brunswick -- that was the one that Sir Sanford Fleming would have preferred. I just want to

refer you to page 22 of the Duncan Commission Report, where it is definitely stated that the route of the Intercolonial as constructed was 250 miles longer than necessary for strategic and --

THE CHAIRMAN: You say longer than it might have been had it been constructed through by Canadian territory as to-day?

MR. MATHESON: No; the Ashburton Treaty made a change there, and it had to cut right across that particular section of Maine right in to Montreal. It would have been, according to Sir Sanford Fleming's --

THE CHAIRMAN: Having regard only to Canadian territory, would any line be shorter than the National Transcontinental line is?

MR. MATHESON: I believe, sir, there were numerous routes considered, and what is the Transcontinental route to-day was one of the routes.

MR. SINCLAIR: That is the central route of Sir Sanford Fleming.

MR. MATHESON: There is just a question there, sir, whether it was the route that was actually in the mind of Sir Sanford Fleming. That would have to be checked into; I do not want to make that categorical.

THE CHAIRMAN: It could not have been that route if it made a difference of 250 miles.

MR. MATHESON: It only makes a very short distance, sir; from Halifax to Toronto by the short route, that is, via the N.T.R. and Pacific Junction, Moncton, to Diamond Junction into Montreal, the mileage is exactly 803 miles -- I am speaking from memory, but I think I am correct -- whereas there is about 30 miles difference from the long route via

Campbellton up to the south shore of the St. Lawrence River. There is only 30 miles difference. When you look at the map it is quite confusing. You see the line of the railway of the N.T.R. running through the middle of the province, and you would think offhand that it would be much shorter than what it actually is in relation to the Intercolonial Railway; but, sir, I will file for the information of the Commission the maps that were used by Sir Sanford Fleming, and they show the picture in relation to the finding that the Duncan Commission made.

MR. SINCLAIR: It all depends, my lord, on what point you take. If you take Saint John, the Canadian Pacific short line, versus the Intercolonial, 250 miles is right, but when you say that a railway serving the Maritimes was built 250 miles longer and therefore they are suffering a disadvantage, that is extremely difficult to understand, when the three routes that were under contemplation have all been constructed; and if you take Moncton as the hub of the Maritimes, there is no disability from railway construction whatsoever; there is a railway serving the populated communities along the shore. As Mr. O'Donnell said, that is why they ran the passenger trains up there, but the freight moved across their shore line, the National Transcontinental, and there is a short line that was built by the Canadian Pacific to Saint John.

MR. O'DONNELL: In any event, my lord, I have given the exact figures, as I understand it.

THE CHAIRMAN: The places along the shore which the Intercolonial Railway serves were there before the railway.

MR. O'DONNELL: Yes.

THE CHAIRMAN: They always were there.

MR. O'DONNELL: Yes; and I assume --

THE CHAIRMAN: Moncton, Newcastle, Campbellton, and so on; they had to be served in some way.

MR. O'DONNELL: Passenger trains run there to serve them -- that is the point on that -- but I have given, my lord, as I understand it, the exact mileages from Charlotte-town to Montreal and the difference via Edmundston; that is, the National Transcontinental as compared with Saint John is 36 miles, and anything on the 36-mile shorter route would entail an interchange, which is avoided by the N.T.R.

MR. COVERT: Mr. Chairman, I would like to say at this time that I do not think that the 250 miles was a consideration at all in the method of calculation of the 20%; at least, that is not the way I read the Duncan Commission Report.

THE CHAIRMAN: No; that is a different matter.

MR. O'DONNELL: That is a different matter.

MR. COVERT: Just an incidental point.

MR. O'DONNELL: That is right. The Duncan Commission considered the increase in rates in the rest of Canada as compared to the Maritimes, and said the Maritimes at that time had reached a figure of 199, whereas the others had reached only 155, and that the reduction of 20% would restore matters as they were about 1912.

MR. SINCLAIR: The only person who stressed this disability through extra mileage, strategic mileage -- a lot was made of it in Mr. Matheson's brief, and he, I would suggest tries to show that there is a disability to the Maritimes on account of excessive railway mileage by virtue of the Intercolonial.

THE CHAIRMAN: Well, all this discussion is no

criticism of the Duncan Commission.

MR. O'DONNELL: Not at all.

THE CHAIRMAN: That is a different question.

MR. O'DONNELL: Just one other thing. Dr. Innis asked if we could develop some figures concerning passenger trains, and we would be glad to try to do that. I have, however, the trains here in this month of July which were readily available. The revenue passengers carried in July 1949 in Prince Edward Island have been as follows -- that is, for the first 24 days during which these 20 trains ran:

<u>Train</u>		<u>Average no. of passengers (all or part journey)</u>
53	Charlottetown to Summerside	50
51-55	Charlottetown to Souris	24
41	Charlottetown to Borden	14
39	Charlottetown to Borden	84
66-210	Murray Harbour to Charlottetown	22
52-56	Souris to Charlottetown	20
40	Borden to Charlottetown	77
42	Borden to Charlottetown	50
54	Summerside to Charlottetown	29
206	Summerside to Charlottetown	42
65-209	Charlottetown to Murray Harbour	24

Those are the total numbers in any train; we do not count them twice. If the Commission requires any further information we would be glad to try to obtain it.

COMMISSIONER INNIS: I think if we could get similar figures for winter months it would be useful.

MR. COVERT: Mr. Chairman, we left off yesterday with Mr. Eugene M. Gorman giving evidence, and I do not think he had finished. Mr. Campbell also wishes to make a statement with respect to some correspondence Mr. Scales said he had had with the railway. I think Mr. O'Donnell said he would like to have that correspondence, and Mr. Matheson said he would like to see it. I think Mr. Campbell proposes to file that as an exhibit.

MR. CAMPBELL: This is a letter from the general freight agent of the Canadian National Railways at Moncton to Mr. Scales, dated July 21, 1949.

"The Island Fertilizer Co., Ltd.,
Charlottetown, P.E.I.

Attention Mr. Scales

Dear Sirs:

I wish to acknowledge receipt of your letter July 15, dealing with correspondence we have concerning rates on superphosphate from Beloeil.

Regret very much the delay in the finalyzing of this question, but due to the fact that several of our officers are away from headquarters attending the hearings of the Royal Commission on freight rates, this matter has been held in abeyance.

However, I hope to be in a position to give you definite information shortly."

That is signed by the general freight agent. Attached to that is the correspondence which Mr. Scales had in his hand yesterday, and which Mr. O'Donnell suggested he would like to see, and which I believe Mr. Matheson would

like to see. Interwoven with that you will realize there is correspondence between the Moncton office of the C.N.R. and the Montreal office. We would like to have that added to this correspondence, and the whole filed as an exhibit.

MR. O'DONNELL: I did not suggest that it should be an exhibit. I did not think we would trouble the Commission with that type of thing. I suggested if Mr. Scales would be good enough to let us see the correspondence, concerning which he indicated he thought he had some complaint, we would be glad to look into it. It is a detailed matter that I did not think we needed to trouble the Commission with. If my friend wants to proceed that way we will handle it that way.

MR. CAMPBELL: I should like to tender the correspondence.

THE CHAIRMAN: What about this?

MR. COVERT: I have not had an opportunity to examine it, but my recollection of what the witness said is that he said he had difficulty obtaining information on freight rates. If the correspondence indicates that I suppose it might be of some use to the Commission.

THE CHAIRMAN: We may as well have it now that it has been read.

MR. O'DONNELL: Yes, it does not matter now.

THE CHAIRMAN: What number is it?

MR. COVERT: That will be Exhibit No. 59.

EXHIBIT NO. 59: Letter dated July 21, 1949, from general freight agent, Moncton, to Island Fertilizer Company, together with additional correspondence.

MR. COVERT: I wonder if we could get mimeographed copies.

MR. MATHESON: I could arrange to have them mimeographed in my office and forwarded to your office.

MR. COVERT: Mr. Campbell, will you call Mr. Gorman?

MR. CAMPBELL: Mr. Gorman, will you take the stand?

EUGENE M. GORMAN, recalled

THE CHAIRMAN: Who is examining Mr. Gorman?

MR. COVERT: I had finished. He is open to cross-examination by provincial counsel.

THE CHAIRMAN: Does anybody wish to question Mr. Gorman?

MR. O'DONNELL: I might ask him a few questions.

CROSS-EXAMINATION by MR. O'DONNELL

Q. Mr. Gorman, could you please tell the Commission what the prices are on lobster at the present time?

A What would that be, case goods?

Q I don't know. What way is it usually handled?

A The price of cases at the present time I would say would be \$50, if you could sell them. It is difficult to effect sales right now.

Q It is difficult to effect sales?

A Yes.

Q Why is that?

A Oh, it possibly is that --

Q The price is a little high?

A I would not say so. It has been \$72 and we sold lots more.

Q When was it \$72?

A 1946.

Q What is the price to the fisherman? When you say cases of lobster that is for the retail trade?

A That ans in the vicinity of 200 pounds of fresh lobster which, when packed, will give you a case of 96 six ounce tins.

Q Ninety six ounce ---

A Ninety-six six ounce tins.

Q In that form that is ready for the retail market?

A Yes.

Q And is that price of \$50 the price that the canner gets?

A That would be the price the canner gets.

Q Have you any idea what it retails for,, what the mark-up on it is?

A I am afraid not. I have not noticed. I could give you a price I noted in the spring which price, I should imagine, is lower now, and that was 77 cents per tin. What the price is at the present time I am afraid I could not tell you.

Q Now, what does the fisherman get for the lobster

A This year the prices have ranged downward from 20 cents for canners, that is, for the type that you are speaking of that has been canned.

Q For canners?

A Yes.

Q And for the other type ?

A Oh, I would say downwards from 34 or 35 for live.

Q And those live lobsters are sold by the fishermen to --

A To the canner again.

Q And have you an idea what the canner gets for live lobsters, or does he can everything? He does not can everything?

A Live lobsters are the markets that he has marketed live, and he would probably get - his price fluctuates from one end of the season to the other - he would probably get from 3 to 4 to 5 cents above that, possibly more.

Q Would it be too much trouble for you to prepare a statement covering the same period we mentioned yesterday, 1920 to 1948, showing the production and the price obtained by the fishermen in the first instance?

A I am afraid it would be. I believe you could obtain that information from the Department of Fisheries. At least, our records would be inadequate.

Q You believe the Department of Fisheries have that? Would they have prices?

A To the fishermen, I would not say they would have that, but their figures would go back further and more accurately than any canner's figures, as you can understand.

Q But the canner's figures would be fairly accurate as to what he had paid?

A As far as they could go back.

Q How far would your figures go?

A I think they would go back to at least - I have searched back at times to 1943, 1942.

Q You have not got any pre-war figures?

A We do not retain those. We can tell you the price that case goods brought but beyond that we could not tell you anything.

Q Do you remember what the comparable prices were in 1937, 1938 and 1939?

A No, I am afraid I do not.

Q In any event, you would remember that the prices that prevailed in the last two or three years were considerably higher than they were in those years?

A Oh, yes.

Q Do you handle barrel fish? You mentioned that yesterday?

A Yes.

Q You say it used to be 68 to 70 cents and it is now up over \$1?

A I believe that is right.

Q And that again is considerably higher than it was in 1938, is it not?

A Yes.

Q Percentagewise could you estimate what the increase has been?

A No.

Q Have you any records you could make available, or any figures you could make available to the Commission showing the prices from 1938 to 1948?

A I am afraid not. You have a record in your brief there of increases in two of those year, I believe,

in the one you mentioned yesterday.

Q I should like the whole picture if you have it.

A I imagine that again could be provided by the railroad.

Q From the railway?

A Yes.

Q The prices of fish ?

A No, you asked me for the increase on rates.

Q No, I asked you for the increase in the price of barrel fish.

A No, the railroads would not have that.

Q We have a lot of trouble, but not that.

A As to the price of barrel fish, I do not believe I could tell you that either.

Q You think the provincial records would show that?

A I believe you could estimate it at least.

Q But **they** do not keep prices, do they?

A Not exactly; they would give you the landed value and so on, and you could estimate it.

Q Have you any market with the West Indies in the fish trade?

A We are just not sure now.

Q You had for a while, did you not?

A Yes.

Q And during the war you had markets --

THE CHAIRMAN: Q. Pardon me a minute. What is the access to the West Indies market? Is it via Halifax?

A We have shipped to Halifax, from here to Halifax.

Q By rail to Halifax?

A Yes.

MR. O'DONNELL: Q. You do not ship by water also?

A We have not.

Q In the last few years, but previously you used to?

A That would be before my time. I cannot say how long ago they did ship by water.

Q It is now cheaper to ship by rail to Halifax and from there by water?

A We found it impossible to ship by water, not cheaper. We have not got the water facilities now.

MR. O'DONNELL: Thank you very much, Mr. Gorman.

THE CHAIRMAN: Who is the next witness?

MR. CAMPBELL: Mr. Jerome O'Brien, who is President of the Co-Operative Association of Prince Edward Island. He will speak on transportation generally as it affects the co-operative movement.

JEROME O'BRIEN, Called

THE WITNESS: Mr. Chairman, when we speak about the Co-operative movement in Prince Edward Island it is chiefly the farmers and fishermen we are talking about. It is chiefly the effect the increased freight rates have on most of the people of Prince Edward Island because I presume over 75 per cent are primary producers.

Our experience with increased freight rates is that it has been just another load added to the disabilities that we have here on Prince Edward Island at the present time. As you know, we have no industry.

We are chiefly dependent on primary products, products which change in price from year to year. They are certainly unstable as far as markets are concerned.

We seem to have quite a few disabilities in transportation in the fact that we cannot use trucks as they can in the other provinces to move our products quickly. We also import practically everything we use, machinery for production, and practically everything that we use in the production of farm products has to be imported. We have long hauls, and we consider that any freight rate increase would certainly bear very heavily on those with long hauls. In the central provinces, where the hauls are short, and they can use trucks, the freight rate increase would not bear so heavily on those provinces or those districts, but here it certainly bears very heavily.

I am hired by the farmers to work for them. For example, in this last season let us take potatoes. The 21 per cent increase has cost each farmer in the vicinity of 5 cents a bushel, and that is just one other reduction in his income. Then there is also the increased cost of the materials he buys. That is a further reduction of his income.

I think I am safe in saying also that the average income of the Prince Edward Islander, farmer or otherwise, is lower than any other part of Canada. I just wonder how long we are going to be able to keep up here if our income is lower and our expenses are higher.

There is one thing that I notice. It seems to be very difficult to get capital to promote anything

in this province. I mean if you are talking to a banker or anyone else. If that situation continues to get worse we are going to be just one of those depressed areas. We cannot say that we have been poverty stricken during the last several years, but those have been years of unusual prosperity right across the dominion. It is an oft quoted fact down here in the Maritimes that it takes a war to bring good times to the Maritimes, which is rather a sad quotation to have to say, but sometimes when you look at it from the long term view it strikes you as pretty nearly correct.

We know that the railway wants more money. My idea of the thing is that we want to balance the thing up correctly, and unite the two railroads, and if there is a deficit for the year let it be taken out of the Treasury, the same as any other public service, rather than having the brunt of the increase in expenses saddled on those who are least able to pay. I think we are in that position today.

I might mention a few things about freight rates in connection with our own business. We find our l.c.l. freights are slow. We are not saying they are not giving good service, but they are slow.

THE CHAIRMAN: Q. You are talking of your own business. What business have you reference to?

A I have reference to the Morell Consumers Co-Operative, the Morell Creamery, and the Morell Fishermen's Co-Operative. I am connected with all three.

Q That is fisheries and what else?

A The Creamery, the Creamery Co-Operative, which

also handles potatoes and poultry products. We find that our provincial and also the Maritime l.c.l. freights are slow. Sometimes it makes it rather difficult to do business and to buy in the quantities that we would like to buy at the present time the way things are shaping up. We find also that our express --

Q Are you talking of small quantities?

A L.C.L. shipments, less than carload lots. We also find locally that as to express shipments of eggs, when this increase came in it was increased from 25 cents to 55 cents a case. A case may be thirty dozen or ten dozen, and sometimes we have had to absorb five and a half cents a dozen on eggs. That is possible at the present time, but with the future market on eggs as it is, the future prospects as they are today, then the express rate on eggs will bear very hard on the people for the simple reason that the business will not be able to absorb the express rates, and it will have to be charged back to the consumer - to the producer in this case rather.

I do not know very much about mileages or any of those questions. I am primarily concerned with the farmers and fishermen of Prince Edward Island that they can make enough money to make a living and keep up with the rest of the country. Possibly you can advance reasons how we can do it and still pay the railway increases. The way I look upon these increases is that the last straw always breaks the camel's back, and possibly this might be it. With that I will close.

EXAMINATION BY MR. COVERT

Q Mr. O'Brien, I wonder if you could perhaps tell us a little more about this Co-Operative. Are you the secretary or the president of the Co-Operative?

A President of the Co-Operative Union. That is simply an organization of all the co-operatives of Prince Edward Island, more or less an educational organization, but I am also assistant manager of the Morell Co-Operative.

Q What is the Morell Co-Operative? Is it situated at Morell?

A That is right.

Q You take in a large number of farmers? Do they belong to that Co-Operative?

A About 300 or 400.

Q Three or four hundred?

A That is right.

Q Have the farmers generally in that district gone into this co-operative form of marketing?

A That is right.

Q And is that so all over the Island?

A No.

Q It is not?

A Not generally.

Q Just in and around Morell?

A Well, there are other places. There is O'Leary, Tignish, and about twenty other co-operatives. There are about twenty other co-operatives, some of them on a much smaller scale, because we have only been in business about eight years.

Q. Does the co-operative buy the products from the

farmers and the fishermen and then market them?

A No, that is not quite true.

Q Would you describe to the Commission just what your Co-Operative does?

A We do a certain amount, but a very small amount. Usually what we do is in the fall of the year we have a potato warehouse, and perhaps fifty or sixty cars of potatoes in it. We do not buy those potatoes. We take them in and sell them for the farmers.

Q In other words, you act purely as a marketing agent for the farmers?

COMMISSIONER INNIS: Q. How do you arrange the price?

A We pay the market price at the time of sale.

Q To each farmer?

A Yes.

Q You do not average the price?

A No, our price might be 5 cents a bushel or 10 cents a bushel .different from day to day.

Q The farmer gets exactly what you sell them for?

A He gets exactly the market price at the time of sale.

MR. COVERT: Q. Is the Creamery on a co-operative basis too?

A That is right.

Q How do you deal with that?

A It is a little different. In the Creamery we do buy cream. We pay for our cream every two weeks and we sell our butter. It is a little different situation.

Q It is what?

A It is a little differently run. It is a product that is sold pretty continuously during the year. We pay for our product and sell our butter.

Q Where do you sell your butter now?

A This year we are selling it mostly to the government.

Q Where has your market been?

A Our markets have been the Maritime Provinces, but oleomargarine finished up a lot of that this year.

Q Is oleomargarine sold extensively in the province?

A No. Our markets for butter though are not in this province. They are in Nova Scotia mostly, and Newfoundland.

Q Nova Scotia and Newfoundland, and that has injured your butter market in Prince Edward Island, has it?

A It certainly has.

Q You say the government has bought your butter? Is that the federal government?

A That is right.

Q Now, you referred to slow l.c.l. shipments. Is that on goods coming into the island?

A It is on goods coming in and on goods going out, both ways. We have shipments coming from Amherst taking seven, eight or ten days.

Q What would be the nature of those goods?

A Hardware, boots and shoes, different items like that. I had an experience last spring with two cars of grass seeds I took into Charlottetown, shipped from various parts of Prince Edward Island, and some of them - well, I am not sure but one of the men that I shipped to

said it took two weeks. I am quoting him. I am not taking anything from the waybills. It was very slow. This year we used trucks.

Q That was a shipment of grass seed from where?

A From Charlottetown, carlots came into Charlottetown, and from Charlottetown they are shipped l.c.l.

Q To where?

A Tignish, O'Leary, Souris.

Q You say it took two weeks from Charlottetown to points on the Island?

A Tignish. That is what the managers told me. I am not saying they were not exaggerating a little bit, but it was very slow.

Q When you say l.c.l. shipments are slow the Commission would like to know exactly what that means. Is this an exception? Apparently the two weeks case you suggest is an exception?

A I think that is an exception, but I am bringing the point out that when we took in our car of seeds we could not take a chance to give them to the railroad to deliver. We had to deliver them by truck.

Q Because of the slowness of the l.c.l. shipment. I can see in the case of seed that might be a very important factor, but generally speaking does this slow less than carload lot shipment affect your market or affect your industry in any way?

A It does. It affects buying, for instance. If you are buying something you want it quickly. Otherwise it means you have to carry a terrifically large stock and order in large lots, a much larger stock. If you had a fast

freight service you would not need to carry so much stock. In a business that is carrying a large stock it takes more money to do it, and it is an added cost of doing business which is naturally going to be passed on to the consumer. As far as industry is concerned the same thing applies. You have to buy your supplies in very large lots to be sure that you will not be out of them, or else you get into express, air express and everything else.

Page 4870 follows

Q. Well then, it is mainly from a heavy inventory point of view?

A. Heavy inventory and extra costs of transportation. Sometimes you are obliged to use express air, even.

COMMISSIONER INNIS: Q. Why would you not use trucks?

A. You cannot use trucks -- you have to use them sometimes -- but it is not economical to use trucks for a parcel weighing, let us say, 50 lbs., to St. John.

Q. But I mean within the Island?

A. Oh, within the Island, naturally. I was speaking of the maritime provinces, and even to Montreal and Toronto. I would include all those in that territory.

MR. COVERT: Q. Is that a pretty serious matter, or is it just another annoyance?

A. It is an annoyance. We would not say it was a primary matter; it is getting to be more of an annoyance, because we feel we should not be buying in too large quantities at the present time, because there is liable to be a reduction in value very quickly. We would like to keep our inventories as low as we possibly could.

Q. On page 47 of the brief, where they are talking about the effect of the horizontal increase, which is one of the things you discuss, it is suggested that the effect of the horizontal increase would bear its greatest impact. At the bottom of the page you say it would bear its greatest impact in Prince Edward Island. I wondered if that would be the long haul, and the effect of the horizontal increase, perhaps, would not be as long as in Mr.

MacPherson's province, Saskatchewan. Do you think the impact is greater on Prince Edward Island than it would be on some of the western provinces?

A. I think this impact is pretty near as hard on some of the western provinces as on Prince Edward Island. But I also think that they have access to the United States for many of their products; it is a shorter haul by truck or rail than we have. We are behind the eight ball all the way. We have the long haul everywhere we go. I think that statement is quite true.

I imagine that we produce more farm products and so forth than any other province of Canada on a prorata basis; but our income -- it is not only because of freight rates, but on everything else -- is cut down so that the farmer gets very little.

Q. From your own experience in connection with the three co-operatives and the firms with which you are associated, where are your main markets?

A. For potatoes, in the United States, seed potatoes; and also, Toronto, Montreal, and sometimes Winnipeg, for table stock.

Q. What percentage would be going on the long haul, as you call it, from the Island to Montreal or Toronto? What percentage of your seed potatoes would that be, speaking from your own personal experience?

A. It would depend, of course, on the market. During the past year there was not too much. Yes, all of it, or quite a lot. We shipped quite a lot to the western United States, and most of it went out through Windsor, and was reshipped from there; because, if we

shipped direct, let us say, to Ohio, they would charge the extra rate all the way. So I think we ship considerable potatoes through Windsor, the final market of which is in the United States. The percentage of our crop going to Canadian markets was smaller this year than ordinarily. In ordinary times it would be 50 to 60 per cent; but this year it was cut down quite a lot

Q. From your own experience, what else other than seed and table potatoes, goes by a long haul?

A. I beg your pardon?

Q. In your own experience: you say you deal in fish; but you are not subject to the long haul there, are you?

A. Our lobsters go to Boston, which is a fairly long haul.

MR. O'DONNELL: By air.

MR. COVERT: Q. Is this by rail?

A. By rail, some.

MR. O'DONNELL: Q. And some go by air, do they not?

A. Some by air, and some by refrigerated truck; and some go by rail. That would be mostly canned lobster.

MR. COVERT: Q. And the products of your creameries; you do not have the long haul there?

A. No. Sydney and Halifax are the longest hauls we have there.

Q. So it would be mainly in connection with potatoes?

A. Potatoes and turnips. There is where the thing hits the heaviest because they are bulky commodities which are not so valuable. It does not hit so much on butter, which is relatively of higher value, when compared to its

weight, but on bulky commodities such as potatoes and turnips, it bears very heavily.

MR. COVERT: I think that is all.

COMMISSIONER INNIS: Q. And what about those shipments to Windsor? Does that mean that they have to be transshipped to another railway or depot?

A. No. They can be reshipped from there on American lines. We have a lot of trucking from there. I am speaking of seed potatoes mostly.

Q. And not table potatoes?

A. No table potatoes.

CROSS-EXAMINATION BY MR. FRAWLEY

Q. You told Mr. Covert that you paid to the farmer the market price at the time of sale, for his potatoes?

A. That is right.

Q. So in reality, you are virtually a commission dealer, are you not?

A. We also return, remember, at the end of the year, any profit. It is all returned to the farmer in the way of dividends.

Q. So you pay him the market price at the time of the sale?

A. That is right.

Q. And then you sell it in the market. What is it that you return to him as a patronage dividend?

A. If there is any profit, we do not try to disrupt the market and pay the wholesale price to the farmer. After all, it is a co-operative principle to do your business in fair competition with private business. Then,

whatever is left over at the end of the year is repaid to your customers:

Q. Any profit which you make in selling the potatoes in the wholesale market?

A. In any of our business, the potatoes, eggs and so on.

Q. Have you any idea what the average return to your potato grower was in your own district, last year?

A. That is a rather difficult thing to answer. I happened to be a potato grower myself, last year, and possibly I had worse luck, depending on hired help. But my average return was around \$47 to the acre.

Q. What would it be in tons or bushels?

A. In tons or bushels, last year, about a little over 200 bushels of potatoes to the acre, I mean saleable potatoes.

Q. Can you give me anything in terms of dollars, either bushels or tons?

A. 200 bushels to the acre, that is, saleable potatoes; that is about six tons.

Q. And that would work out to about $23\frac{1}{2}$ ¢ a bushel, nearly.

MR. FRIEL: Q. Is that profit?

A. What are you speaking about as profit?

MR. FRAWLEY: Q. I want to get the return to the farmer for his potatoes. I want to get the average return to the grower in this province for his potatoes as compared to the grower of potatoes in southern Alberta. We were told out there that they got \$35 a ton last year for No. 2 quality potatoes. Is that high or low? That would be about \$1.05 a bushel,

as I make it?

A. \$1.15 a hundred.

MR. O'DONNELL: Q. That would be the floor price?

A. The floor price is \$1.15 a hundred.

Q. You got better than that last year?

MR. FRAWLEY: Q. If he got \$35 a ton, he would get 1 3/4¢ a pound?

A. That is right.

Q. How many pounds are there in a bushel?

A. Sixty.

Q. That is where I got my \$1.05.

A. That is a very good price, but we did not get it.

Q. I am telling you what the southern Alberta potato co-operative man told us that he got,,that he returned to his growers, last year, \$35 a ton.

A. That is a very good price.

Q. And he has to sell those potatoes on what we think is a pretty long haul. You will recognize that.

A. What do you mean by "long haul"?

Q. Well, to Winnipeg it is 750 miles, and that is the principal market. That is the market he must get to.

A. It must be a good market. The distance from here is 2,000 miles, so I guess we are cut off from that.

Q. Do you sell much of your product, your seed potatoes, to some of the co-operatives out there in western Saskatchewan?

A. We sell very few to them. We have tried to establish some market there with respect to seed potatoes this year, but I did not find much interest in potatoes.

Q. Do I understand that you are president of the

Federated Co-operatives?

A. The Co-operative Council is what it is; it would be the same in Saskatchewan.

Q. What percentage of agricultural products are marketed through co-operatives in the Province of Prince Edward Island?

A. Oh, it is not a large percentage; I would say it was about 10 per cent.

Q. About 10 per cent?

A. Yes.

Q. And the other 90 per cent is marketed through the old-fashioned middlemen?

A. That is not quite true. We have some older co-operatives which are working along various co-operative lines, and which are marketing a large percentage of potatoes and butter.

Q. But province-wise, it is not a very large percentage?

A. No, it is not a very large percentage.

MR. FRAWLEY: Thank you.

CROSS-EXAMINATION BY MR. SINCLAIR

Q. Mr. O'Brien, you said that your market, before the floor price on butter became operative, was with Newfoundland and Nova Scotia?

A. That is right.

Q. You had no serious impact regarding the horizontal increase on shipments to those markets, did you?

A. Well, from the creamery working point of view, we had quite an impact, because the margin we have to work

on, to manufacture butter in this province, is very low.

Q. Instead of having a percentage increase on shipments of butter, let us say there was a flat increase in cents per 100 lbs., and it was averaged for the whole of Canada; and you would have to pay the average; do you think that would be fair?

A. I do not know.

Q. It would mean that you would be paying higher freight rates. Would you be agreeable to paying higher freight rates to help the man out who has to ship his butter further in order to get to the market?

A. I have not investigated that point and I cannot offer any opinion on it.

Q. You said that the producer pays the freight rates?

A. That is right.

Q. So you would agree with the Premier in his statement on page 4683 of the record yesterday, when he said:

"Now, sir, the Prince Edward Island farmer and producer pays the freight, I think you will admit."

You would be one of the persons who admits it?

A. Yes.

Q. And at page 4684, the Premier said:

"The farmer pays the price, the producer pays the price."

And he gives an example in 1944 of some prices, when the Ontario farmer got \$1.11 a bushel, while the Prince Edward Island farmer got only 64¢. That was a difference of 47¢ a bushel, or 78 1/3¢ per 100 lbs. You will accept my arithmetic?

A. Certainly.

And that is what we have seen in the past.

It is not only the past but the future as well.

It is not only the future but the present as well.

It is not only the present but the past as well.

It is not only the past but the future as well.

It is not only the future but the present as well.

It is not only the present but the past as well.

It is not only the past but the future as well.

Q. In 1944 the freight rate was 38¢. So, in spite of only a 38¢ freight rate, there was a difference in price between Prince Edward Island and Ontario potatoes of 78 1/3¢; in other words, double. There must be factors other than transportation, in fixing prices?

A. There is. And one of the factors is -- I do not know whether he is speaking of a table or seed potatoes there.

Q. Oh, it doesn't make any difference.

A. Yes, it does make a difference in this way, that we have to provide bags for the seed potatoes, whereas in Ontario they do not -- I mean new bags; and it may cost as much as 15¢ a bushel, to bag the potatoes.

Q. He is talking about the return to the farmer?

A. He has got a cost, and if you cut that 34¢ down to 17¢ or 19¢, or something like that --

Q. You have about 400 miles to go to get your potatoes to Ontario, while Mr. Frawley's potato grower has 700 miles to go?

A. 400 miles.

Q. 480 miles, I should say, to Montreal; I am sorry.

A. Oh, Montreal?

MR. MATHESON: Q. You are speaking of Saint John mileage?

A. I do not think that many of our farmers ship via Saint John. I think most of them ship via the Canadian National, but I am no expert on mileage so I cannot talk about mileage. But I do know the freight rates that we pay.

MR. SINCLAIR: Q. How much freight rate do you

pay to Toronto, other than the farmer shipping, let us say, from Chipman, New Brunswick?

A. That is an answer I cannot give.

Q. How much do you pay to Toronto?

A. 47¢ plus the extra heating charge, and so forth.

Q. I suggest to you that the rate is the same to Toronto --

THE CHAIRMAN: Q. That is 47¢ per cwt?

A. Yes.

MR. SINCLAIR: Q. I suggest to you that the rate is the same to Toronto, that it is exactly the same to New Brunswick versus Charlottetown?

A. I do not know anything about it.

Q. I suggest to you that there are potato producers whose markets are further away than yours. You admitted that to Mr. Frawley, I think. That is right, isn't it?

A. I do not know.

Q. Now, Mr. O'Brien, have you made very much of a study of potato marketing in Canada?

A. I have studied it from our own point of view, but I have not studied it from the point of view of New Brunswick or Saskatchewan.

Q. Do you think that freight rates should be the same, mile for mile, right across Canada?

A. I do not know.

Q. So you really have not studied this at all, have you?

A. I am talking about the freight rates and the impact of those freight rates on our economy here in Prince Edward Island.

Q. Why do you make the statement that you are suffering an undue disadvantage by a percentage increase?

A. For the reason that we have a very large amount of bulky commodities to move.

Q. Have you tested the results of this method of applying an increase against other methods?

A. I never heard of any other method that has been suggested.

Q. I suggested one to you just now, a flat increase; and you did not like it.

A. I did not offer any opinion.

Q. You were not quite prepared to do so, were you? Let us say you have a maximum increase in cents per 100 lbs. Would you have been prepared to pay a larger percentage increase on your short haul, because you had a maxima on your long haul?

A. Would you mind repeating that?

Q. Would you be prepared to pay a higher percentage on your short haul, so that you could have a maximum on your long haul? You do not seem to understand me. Who told you all about the impact of these horizontal increases?

A. The point I made was in connection with the farmers.

Q. So it is just as easy as that, is it, the way you figure it; there is a price, and there is a freight rate; and therefore, the farmer must pay it; and that is the end of it, as far as you are concerned?

A. No.

Q. Oh, so that isn't it?

CROSS-EXAMINATION BY MR. O'DONNELL

Q. You spoke about poultry, Mr. O'Brien. Now, the prices for poultry during the past few years have been relatively good, have they not, and much higher than they were prior to 1938?

A. Yes.

Q. I find in the Annual Report of the Department of Agriculture of the Province of Prince Edward Island for the year ending March 31st, 1948, at page 16, the following statement regarding poultry:

"The poultry industry, a report of which is given elsewhere, gave an excellent account of itself in the past year. This industry today provides one of the most stable and satisfactory sources of revenue on the farm, amounting in the last year to over \$3,000,000.00. Great improvement has taken place in the industry. Housing and handling conditions have been vastly improved and the average poultry producer is attentively watching underlying conditions governing profitable production. A feature of the year's work has been the development of trade in live birds with United States centers by truck. This traffic influenced the value of poultry upwards to higher market levels. Consideration, however, must be given to the improvement of quality through proper processing and packing for the ultimate trade. The markets and the industry should be developed to a very great extent on this basis."

I take it you would agree with that statement, generally?

A. It may have been true when it was written, but it is hardly true today.

Q. You say there has been a change this year; I suggest there may be other changes take place as well. Do you ship any of these live birds to United States centres by truck?

A. No, we ship mostly dead ones; but none to the United States, no.

Q. So you dispose of your product here on the Island?

A. That is right.

Q. All the poultry you sell, you sell it on the Island?

A. The majority of it, yes. We have shipped some to the American market, but this year there is no American market.

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Q. No, but you always have sold on the Island market.

A. Yes, but this year there is not any; I mean they are not buying them.

Q. The islanders are not buying poultry this year?

A. No; the American market is not buying --

Q. I am not speaking of the American market, I am speaking of the Prince Edward Island market. You sell your production on the Island?

A. Yes.

Q. Now, butter prices until this year have been progressively higher through the years, have they not, until an all-time high last year of 68-3/4¢ a pound was reached?

A. That is right, sir.

Q. Well, for the convenience of the Commission, and for the purpose of saving time, it occurs to me that it would be of interest to know the situation on production of butter and cheese -- you deal in cheese too?

A. No.

MR. O'DONNELL: So perhaps the transcript writer would just put in the figures that appear on page 42 of the Department of Agriculture Report.

THE CHAIRMAN: That is the Department of Agriculture for --

MR. O'DONNELL: For 1948, for Prince Edward Island, that is right. It might be of convenience; and also the table which appears on page 34 of that report, where the production figures for 1948 in comparison with 1947 are given.

(Tables referred to follow on succeeding pages)

SUMMARY OF PRODUCTION AND AVERAGE PRICE FOR CHEESE AND
BUTTER FOR 1900 - 1948 INCLUSIVE

<u>Year</u>	<u>Butter Production</u>	<u>Price</u>	<u>Cheese Production</u>	<u>Price</u>
1900	572,726	-----	4,431,739	-----
1901	633,679	-----	3,597,689	9.06
1902	716,384	-----	2,568,166	10.09
1903	559,714	-----	2,729,661	10.26
1904	500,267	-----	1,893,815	8.44
1905	481,699	-----	1,641,780	10.08
1906	420,149	-----	2,138,649	12.15
1907	346,519	-----	2,356,122	11.70
1908	360,686	25.40	3,137,853	11.90
1909	538,218	23.79	3,367,486	11.16
1910	638,137	24.48	3,346,428	10.68
1911	587,392	25.19	2,582,345	12.87
1912	527,494	27.12	2,406,039	13.06
1913	592,123	26.72	2,437,333	12.64
1914	609,607	26.60	2,277,759	13.72
1915	522,080	28.62	2,289,232	13.80
1916	552,155	34.58	2,218,610	19.53
1917	537,996	40.25	2,241,878	20.79
1918	587,147	45.26	2,186,416	23.15
1919	821,997	54.33	2,351,582	26.80
1920	1,157,527	58.31	2,081,276	25.51
1921	1,169,095	39.4	1,681,774	17.1
1922	1,274,622	33.2	1,742,242	16.5
1923	1,515,301	36.1	1,811,535	19.12
1924	1,636,497	35.50	2,047,124	15.50
1925	1,719,943	36.0	2,001,191	20.50
1926	1,842,141	26.8	2,002,855	15.8
1927	2,028,554	36.3	1,656,430	19.9

continued ...

<u>Year</u>	<u>Butter Production</u>	<u>Price</u>	<u>Cheese Production</u>	<u>Price</u>
1928	2,040,542	38.08	1,761,351	21.62
1929	1,883,292	39.49	1,391,601	17.51
1930	1,771,597	31.33	870,579	14.85
1931	1,662,014	23.86	528,976	11.50
1932	2,322,180	20.00	797,024	9.25
1933	2,088,760	27.88	563,308	10.18
1934	1,842,388	28.13	340,050	10.29
1935	1,672,821	23.11	212,111	11.22
1936	2,068,052	24.00	294,354	14.19
1937	2,131,808	27.50	461,583	14.00
1938	2,555,784	25.17	449,957	13.95
1939	1,934,318	23.72	459,728	12.05
1940	1,964,807	25.10	683,399	13.58
1941	2,627,931	34.05	706,708	22.14
1942	3,469,410	37.2	1,106,650	21.30
1943	4,313,122	38.0	780,209	24.75
1944	3,960,105	30.60	1,111,575	24.83
1945	4,316,415	35.38	1,050,149	23.59
1946	3,935,145	40.52	744,312	24.88
1947	3,650,135	54.13	661,962	31.20
1948	4,476,379	68.75	706,513	35.92

The following are the production figures for the year 1948 in comparison with that of 1947:

	1947	1948
Farmers shipping	7,350	7,812
Milk Pasteurized (lbs)	7,777,043	8,440,824
Ice cream made (quarts)	542,236	652,219
Butter made (lbs)	3,650,135	4,476,379
Cheese made (lbs)	661,962	706,513
Value of business done	\$2,677,740.51	3,916,106.90
Average price fat for butter	61.78	79.58
Average price per lbs. cheese	31.20	35.92

MR. O'DONNELL: Q. The 1948 price -- do you deal in butter-fat?

A. That is right, sir.

Q. The 1948 price was 79.58 cents a pound as compared to 61.78 cents a pound in 1947. There was a considerable increase in the price in 1948, was there not, over 1947?

A. There was some increase.

Q. Well, we will take the official figures which are here?

A. The subsidy enters into it.

Q. You have a subsidy as well as an increase in price?

A. No. There had been a subsidy there in 1947, I think, and it was dropped.

Q. In 1947 it was dropped?

A. Yes.

MR. O'DONNELL: In any event, the figures will

show here. It might be of convenience if we would produce the whole report.

THE CHAIRMAN: The speaker mentioned a subsidy.

Q. A subsidy from whom? The Dominion Government?

A. The Dominion Government.

MR. O'DONNELL: Q. What subsidy is that to which you refer?

A. Well, that was the subsidy of 10 cents a pound; it was 8 and 10 cents.

Q. On what?

A. On butter fat.

Q. And that would apply to everybody in the butter business throughout Canada?

A. It was paid directly to the farmers.

Q. All over Canada?

A. That is true.

Q. And this year you have a floor price for your butter all over Canada?

THE CHAIRMAN: Q. But no subsidy?

A. No subsidy.

MR. O'DONNELL: No subsidy. It might be of assistance, Mr. Chairman, if we produced the Report of the Department of Agriculture for the year 1948, Province of Prince Edward Island, as Exhibit 60.

EXHIBIT 60: Report of the Department of Agriculture, Prince Edward Island, for the year 1948.

MR. COVERT: Mr. Campbell, could you supply to the Commission five copies of the Annual Report of the Department of Agriculture of the Province of Prince Edward Island for the year ending March 31, 1948?

MR. O'DONNELL: Q. You mentioned eggs, Mr. O'Brien; your co-operative deals in eggs as well?

A. That is right, sir.

Q. And the same is true, is it not, of the price of eggs, until possibly recently? They have during the last ten years increased in price over what they were in 1938?

A. That is true.

Q. A very considerable increase in price; do you remember the 1938 price for eggs?

A. Offhand, no.

Q. You spoke of a shipment of grass seed which you said someone had told you had taken two weeks to go from Charlottetown to Tignish, was it?

A. That is right, sir.

Q. Would you be good enough to tell me when that shipment is supposed to have been made?

A. It was made in 1948.

Q. What time of the year?

A. I could not give you the definite time; about April.

THE CHAIRMAN: Q. What year was it?

A. 1948.

MR. O'DONNELL: Q. April 1948?

A. April 1948.

Q. Would you please tell me to whom it was supposed to have been made?

A. It was O'Leary Co-Operative.

Q. At Tignish ?

A. No; at O'Leary, and Tignish Co-Operative at Tignish; that was the two in question. I am not saying that that was absolutely correct.

Q. Well, I want to find out.

A. It was quite slow, very slow.

Q. But you said, very fairly, that you thought the person who told you exaggerated somewhat, although you did say it took two weeks, according to the report he gave you?

A. That is right.

Q. Do you yourself believe that?

A. I think it took very near it.

Q. The consignee of the shipment was O'Leary Co-
Operative

A. That is right.

Q. And who was the shipper?

A. Myself.

Q. You were the shipper; and your name as shipper, would it be your personal name or the name of the co-operative?

A. Personal name in this case.

Q. So that Jerome O'Brien was the shipper of that alleged shipment of grass seed to O'Leary Co-Operative in April 1948. That is the only shipment you made to that co-operative at that time?

A. Yes, at that time.

Q. So that we cannot make any mistake; if we find one shipment that is the shipment?

A. That is the shipment.

Q. Now, you said something about a return of \$47 to the acre on your growing last year. How many acres do you farm, Mr. O'Brien?

A. Ten acres.

Q. You have ten acres of potatoes?

A. That was last year.

Q. And you got \$47 an acre profit on your potatoes

last year?

A. \$47 gross return.

Q. Gross ? Well, how much do you figure your profit was?

A. Well, I only lost about \$500. There was no profit.

Q. That is what I wanted to find out, whether it was a loss or a profit. You lost on last year's operation?

A. Yes.

Q. Was that seed potatoes or table potatoes?

A. Seed potatoes.

Q. Well, you should have been doing business with Mr. Scales. Did you hear Mr. Scales testify yesterday?

A. No, sir.

Q. Do you ship into the Ontario market, Toronto market?

A. That is right, sir.

Q. And do you get a premium for your potatoes over the Ontario potatoes in that market?

A. A small premium, yes.

Q. How much do you get, or try to get?

A. Well, sometimes it is about 15 cents a bag.

Q. Sometimes more?

A. Sometimes less.

Q. Sometimes less; sometimes 30 cents a bag?

A. No, not last year at any time. It was never over 15, and this advantage was cancelled by the cost of our bags, which cost us, starting last fall, 20 cents each, which the Ontario grower did not have to use.

Q. You pay lower labour rates than the Ontario grower?

A. That is something I don't know anything about, sir.

Q. Well, thank you very much, Mr. O'Brien.

COMMISSIONER INNIS: Q. Is there any interest in processing potatoes at all?

A. Processing potatoes? We have had a processing plant here, drying plant, during the war, which, once it was over -- we only operated I think about eighteen months, perhaps less than that.

Q. So that you ship only in bulk?

A. It is all bulk.

THE CHAIRMAN: All right, thank you.

MR. CAMPBELL: Mr. C. P. Reddall.

CHARLES PATRICK REDDALL, called

MR. CAMPBELL: Mr. Reddall will speak of the trade with Newfoundland and the facilities at Port aux Basques and North Sydney for shipment by C.N.R. Although Mr. Reddall will speak of C.N.R. facilities, his initials are C.P.R.

EXAMINED BY MR. CAMPBELL:

Q. You are the manager, Mr. Reddall, of the Newfoundland Shipping Service of Prince Edward Island Industrial Corporation?

A. That is correct, sir.

Q. And that is a Crown Company operating in Charlottetown?

A. Quite correct.

THE CHAIRMAN: A Crown Company of the --

MR. CAMPBELL: Of the Provincial Government.

THE CHAIRMAN: Of the Province?

MR. CAMPBELL: Of the Province.

Q. It operates cold storage facilities here and this

shipping service?

A. Yes.

Q. Now, would you just explain to the Commission in your own words -- what I want to get, in order to shorten the matter, Mr. Reddall, is an explanation of how the outports work in Newfoundland and whether or not it would be possible to funnel all the articles which Newfoundland needs by any extension or through the present facilities from North Sydney to Port aux Basques?

A. Well, this service that we have at the moment, the Industrial Corporation, has been operating since the beginning of June, and it has been the intention --

Q. Speak up, please, Mr. Reddall.

A. I beg your pardon. It has been the intention to provide fuller facilities for the shipment of produce from this Province direct to the outports, particularly along the south coast of Newfoundland. From inquiries made earlier in the year it seemed with the advantage of Confederation that there was a possibility of considerable jam, if you like, in the freight handling in Port aux Basques and at North Sydney, and it was given as an opinion by a number of business men in the outports, in St. John's and in Cornerbrook, that there was every likelihood of delay in the handling of shipments at Port aux Basques and at North Sydney. Now, from the point of view of the Province here, the perishable nature of the cargoes, of the freights, rather, it is essential in most cases that these freights pass through with the minimum delay, and the Industrial Corporation with this in mind purchased a vessel of about four hundred tons and decided to operate this vessel between Charlottetown and the south coast ports. It was not meant to compete with

any existing service running into St. John's, and this service does not operate to St. John's. We do in fact operate to Cornerbrook, because there is no direct steamship connection between Charlottetown and Cornerbrook. We then operate down the coast, to Port aux Basques, or rather to St. Pierre first, and then run back from the Burin Peninsula in a westerly direction, calling in at the principal outports.

Now, so far as Port aux Basques is concerned, I have seen that port on a number of occasions, and I don't know whether any of you gentlemen know the place, but where the railway steamer lies at the present time it is a narrow neck at the head of a basin, and in fact when that ship is docked alongside the railway wharf, the ferry steamer at present operating, you could toss a pebble from the deck of that ship onto the opposite side. The facilities for increasing the number of vessels lying alongside there are very remote, in my opinion.

Quite apart from that, the actual lie of the land, in Port aux Basques itself there is a shelf, if you like, alongside the water, and then probably three or four hundred feet from the side of the water there is a fairly sharp rise in the hills, and there is very little space available for the laying out of additional sidings. We have had considerable success with the service so far, not primarily in the shipment of produce, because it is not the season for that, but we have found that the merchants in Charlottetown have been able to do business with the south coast outport merchants which they have not been able to do before.

One instance of the convenience of the service, if you like, was brought to my mind about a fortnight or three

weeks ago. I had to go to Cornerbrook, and the distance between here and Cornerbrook is 342 miles by water; that is as near as I can get it from the marine chart. I wished to be in Cornerbrook on a Tuesday evening, and I contacted the Canadian National Railway office here the week before I was due to leave. I was told that in order to make that journey I had to leave here at 7 o'clock on a Saturday morning in order to get there by Tuesday evening.

THE CHAIRMAN: Q. How would you have travelled?

A. I should have travelled by train, sir, from here to -- I am a newcomer here, and I am not too familiar with the layout, but I think it is through to Moncton, sir, and then from Moncton through to North Sydney, then by ferry from North Sydney to Port aux Basques and by rail up from Port aux Basques. The time involved there is something like three and a half days, when our own vessel operating from here actually makes that journey in thirty-three hours.

Q. How many?

A. Thirty-three hours, sir. That is an indication of the time taken for a passenger. I have no knowledge of how long it would take to freight actual produce from Charlottetown through to Cornerbrook by the same line; longer, probably.

Q. Have you any suggestion to make as the outcome of all this?

A. Well, actually, sir, I think that the use of water connection between Charlottetown and the principal ports of Newfoundland, Cornerbrook and the outports around the south coast and St. John's, should be encouraged, because the length of time taken in passing from Charlottetown through to North Sydney is out of proportion with the actual distance

involved, sir. Yesterday actually it was stated that there are sometimes upwards of 500 rail cars waiting here for shipment across on the ferry.

Q. You told us also about the limitations of Port aux Basques as a harbour?

A. Yes, sir.

Q. What is your suggestion about that?

A. Well, actually, I have no direct suggestion on that myself, sir, because I do not know what facilities can be made.

Q. I wondered why you were describing it.

A. I am just describing it, sir, because I am trying to indicate that with the extension of trade between Newfoundland and Canada as it was formerly without the new province, I think there is liable to be a great delay in the handling of shipments through Port aux Basques, and that so far as the province here is concerned it is important to have a direct link with Newfoundland, which is an important market, not subject to delays through trans-shipment.

COMMISSIONER INNIS: Q. Is there a steamship line running from Port aux Basques around the south shore to St. John's?

A. Yes, there is a railway steamship service there. I think it operates roughly weekly. It is subject to considerable delay due to weather.

Q. You would be competing with that?

A. Actually we are competing indirectly with that, sir, except that we do not take shipments from Port aux Basques along the coast; we only ship from Charlottetown here.

COMMISSIONER ANGUS: Q. What return cargoes are there from Newfoundland to Prince Edward Island?

A. There are very few return cargoes, sir. We have brought in a certain amount of canned salmon. There is a possibility that we might carry limestone.

THE CHAIRMAN: Q. Might carry what?

A. Limestone, sir, for agricultural use; but there are very few things available from Newfoundland which are of use in the province.

COMMISSIONER ANGUS: Q. And do those come from the outports, or do you get those in Port aux Basques?

A. The limestone, sir, can come from Cornerbrook, on the west coast, or it could come from St. Lawrence, in the Burin Peninsula.

THE CHAIRMAN: Any questions?

MR. COVERT: The main question I wanted to ask Mr. Reddall was in connection with the question Dr. Angus asked.

Q. That is, first, the products that you would expect to sell from Prince Edward Island to Newfoundland would be potatoes --

A. Don't mistake me; we do not sell at all; we are acting as carriers.

Q. Yes, but I mean if you are acting as carriers you must think of some cargo?

A. I can tell you what we have carried.

Q. Yes?

A. We have carried a certain number of potatoes; we have carried a great deal of canned products, vegetables and meats; we have carried a certain amount of chilled meats from the province here, and we have carried also a number of machinery items for bakery equipment.

Q. What?

A. Machinery items for a bakery in Fortune.

Q. I missed the word.

A. Bakery.

Q. Bakery?

A. Yes.

Q. Would those be articles manufactured in --

A. They were not manufactured here; they were railed through here from the region of Toronto.

Q. My point, Mr. Reddall, is that ordinarily if you were going into the shipping business you would want cargo both ways?

A. Yes, quite.

Q. And you would know generally what you would expect would be shipped from here and what would be shipped in return?

A. Yes.

Q. Now, do you think that the economy of the two islands is such that it would pay to operate a shipping line between Prince Edward Island and --

A. Yes, I do.

Q. You do?

A. Yes.

Q. Then you would anticipate shipping from Prince Edward Island the farm products of this island?

A. That is correct, yes.

Q. That would be potatoes and livestock and --

A. Livestock and vegetables.

Q. Is Prince Edward Island an exporter of vegetables to a large extent?

A. Oh, yes.

Q. And they would be vegetables that would not need refrigeration?

A. Yes.

Q. Now, for your return cargo you would expect to bring back what?

A. Well, our return cargoes are a problem, definitely. I mean, the difficulty is that there is nothing manufactured in Newfoundland of which there is a surplus applicable to this particular province. Limestone is used here in the province, but can be obtained more cheaply, I believe, from New Brunswick -- I beg your pardon, from Nova Scotia -- rather than from Newfoundland.

Q. So that it would not be likely that there would be purchasers of limestone --

A. It is likely that there would be some purchasers in order to assist this service.

Q. And is there anything else that you --

A. We have, as I said, carried a certain amount of canned fish, principally salmon.

Q. Your main problem, then, I suppose, would be the question of having two-way traffic?

A. Yes, that is the main problem.

Q. And that is really practically a prime essential for a profitable shipping business?

A. It is a prime essential, yes.

Q. Now, do you know the total freight figures between Prince Edward Island and Newfoundland prior to Confederation?

A. Prior to Confederation, the last figures actually, there was a total trade of something over three million dollars in actual produce.

Q. Three million dollars?

A. Yes.

Q. That is, in total produce going both ways?

A. No; going from the Island actually to Newfoundland.

Q. Now, you anticipate, I presume, an increase in that trade?

A. Actually we anticipate an increase here, yes.

Q. What are the reasons, what are the particular reasons for anticipation of an increase? Is there a--

A. A general raising of the standard of living in Newfoundland, if you like, and therefore consequently greater ability to buy.

Q. It would not be on account of the difference in customs or duties as far as products from this province are concerned?

A. Not necessarily, no. Actually there could be an effect on the exports of this province to Newfoundland brought about by the current dollar restrictions between Canada and the United States, because Newfoundland has always purchased a great deal of barrelled beef and fresh vegetables from the United States, as a matter of fact greater quantities than she has bought from Canada.

Q. And you would think the Island might step in and take that trade?

A. The Island should logically take part of that trade, although there has been a great effort to capture it from the central provinces.

Q. Now, just one more question on that: the service that you propose, would that be just a summer service?

A. No.

Q. It would be all year round?

A. That will operate as long as the water is open; as long as the water is navigable the service is intended

to operate.

Q. But you could not carry it on in the winter season?

A. It could not be carried on once the Cabot Straits are impassible.

Q. And the harbours generally on the Island itself are frozen over in the winter?

A. There is only one harbour here, I believe, that could be used during the winter, and that is Georgetown.

Q. That is on --

A. That is actually up on the extreme eastern point of the Island, or getting near it.

(Page 4902 follows)

Q I suppose during those months shipments would have to go back by rail via --

A They would have to go by rail to Halifax, supposing we were to operate from Halifax.

COMMISSIONER INNIS: Q. Do you think there is a prospect of Charlottetown, or any of the other ports, becoming competitors with Port au Basque? Might it be to the advantage of the C.N.R. to send, as you have mentioned in the case of this bakery machinery company, their goods to Prince Edward Island and then have you distribute through here rather than via the C.N.R. to Saint John to Port au Basque?

A I think it is quite possible there would be an advantage.

Q Would your rates be set in relation to --

A Our rates could be set in relation to any equalizing rate through to the outports. We have made no attempt to do that at the present time because there is no great movement of freight from, we will say, the central provinces through Charlottetown to the south coast. Our primary intention is to serve the Island producers.

Q How did you come to get this shipment of bakery machinery?

A It so happened the agent for this vessel in Fortune on the Burin Peninsula is a considerable business man there and heads the company which is building the bakery there in recent months. That is actually how that shipment came through us, but I believe his basis for sending it through us was that he saved something like three weeks on the delivery time.

Q But you would expect no appreciable development of that sort of trade?

A It is extremely difficult to say at this time what the development is going to be because I did not anticipate we would have a great deal of trade through that way, but we have small indications at the present time from the small shipments coming through for each voyage.

Q How are your rates set?

A Our rates are set actually on the form of rates in effect between Halifax and the south coast outports.

Q That is to say, based on the rail rates?

A They are based on the rail rates, at least, actually on the Newfoundland-Canada steamship rates, which I believe in turn are based on the rail rates.

Q But you are subject to no regulation?

A Subject to no regulation.

CROSS-EXAMINATION BY MR. FRAWLEY

Q Do you know that the steamship lines operating out of Halifax are now negotiating with the railways to obtain a portion of the through rate from Montreal to Saint John?

A I had heard that.

Q The distance from Cape Tormentine to the outports is a much more direct route than from Montreal to Truro --

A From Cape Tormentine?

Q I say from Montreal through to Cape Tormentine and via your vessel to the outports. Would that not be a more direct route for central Canada manufactured goods than from Montreal to Truro to North Sydney to Port au Basque?

A It is quite possible it would be more convenient.

Q Have you not approached the Canadian National

Railways?

A We have not approached them at this time.

Q For a portion of the through rate?

A Because we run this vessel from Charlottetown, not from Cape Tormentine.

Q Even taking it from Charlottetown, it would come from Montreal to Charlottetown --

A Actually at the present time the facilities we are able to offer with this single vessel are inadequate for the demands of the province itself, so that we could hardly expect to handle a great deal of freight from the central provinces unless we were to increase the service beyond the one vessel we already have.

Q I was simply pointing the way to you, being the gateway to the outports at least, and eliminating the long and somewhat tortuous haul from Truro to North Sydney and then by steamer?

A That is precisely what we should like to be here.

Q You have to get a division of that rate first though?

A Yes.

MR. O'DONNELL: You have to get a few boats first.

CROSS-EXAMINATION BY MR. O'DONNELL:

Q Mr. Reddall, you say it is a new company this year?

A Yes, it was formed in the legislature here in

the last session.

Q And in effect, as it operates now, it competes for some of the traffic that the Canadian National Railways handle?

A It competes?

Q It competes for some of the traffic that the Canadian National Railways handle, does it not, through Sydney-Port au Basque?

A Through Sydney-Port au Basque -- I have no knowledge actually what they have carried through Sydney-Port au Basque.

Q If your service were not in operation, this one vessel, the ordinary way for the shipments to go would be by Sydney-Port au Basque?

A Not necessarily.

Q How would it go, by other steamships?

A It might go by other steamships to St. John's, and then we would be competing in so far as the railway would be carrying that from St. John's to the outports. Actually there is more involved in this --

Q Than meets the eye?

A Than meets the eye.

Q I was wondering what it was.

A The point is this. The majority of the business in the outports has actually been fostered by the St. John's merchants.

Q Yes?

A The produce actually has gone to St. John's and has been carried along the coast from St. John's either by schooner or by the railway vessels.

Q Yes.

A Our wholesalers and business houses here in Charlottetown have not done business directly with the outports, that is, they have gone through the St. John's merchants. With the creation of the service they have actually got into direct touch with the outport merchants, and we are shipping as a result of orders they receive.

Q Could they not get into direct touch with the outport merchants through the vessels available by the C.N.R. via Port au Basque?

A Actually I have not been here long enough to give an opinion.

Q Where are you from?

A I come from England. I can only pass on the comments I have heard, and that is that the south coast service is subject to considerable delay because the vessels have to make calls at many small ports for just the odd parcel or two or three letters.

Q Is that not true whether they operate out of St. John's or out of Cornerbrook or out of Port au Basque?

A That is true.

Q They call at the various outports?

A Yes.

Q And that would be the manner in which your vessel would likewise do business?

You would go into the outport and drop whatever you might have for that port, and then go on?

A Except we have one difference, and that is that the railway vessels, which I believe carry mail, have to call in at practically every outport irrespective

of size maybe to deliver two or three letters, and with a consequent delay of perhaps twelve hours waiting offshore to get in. We only call at the principal outports with good harbour facilities, so that we are able to get along that coast quickly.

Q Where would you call?

A Actually we start with St. Pierre. Then we run to Marystown. We then go into Burin.

THE CHAIRMAN: Q. Where?

A Burin, and St. Lawrence and to Fortune and to Grand Banks and Baie L'Argent, to Harbour Breton to Gaultois, and finally to Port aux Basques.

Q You would have to wait outside also, would you not, if the weather was bad just as the other boats do?

A Actually most of those ports have fairly good harbours which enable us to get in. I would say that ninety-five times out of one hundred we would be able to get in.

Q And the C.N.R. boat would be able to get in just as many times as you would?

A Yes, but they would possibly be held up further along the coast waiting to get into another port without such good facilities.

Q Have you ever made the voyage?

A I know that coast very well.

Q Have you had actual experience on the time they wait to get in?

A I have been down that coast in the winter and in the spring and in the summertime.

Q What I am interested in knowing is what is

your proposed --

A. I must have waited in Grand Banks -- I think it was in February - I believe for three days for the railway vessel.

THE CHAIRMAN: Q. Are these Newfoundland ports open all year around?

A. On the south coast, yes, sir.

Q. Do you come back the same way, or do you come back directly from Port aux Basques?

A. We come back directly from Port aux Basques to Charlottetown.

MR. O'DONNELL: Q. How many trips has your vessel run so far?

A. She has run four trips.

Q. And the C.N.coastal services operate, do they not, from Cornerbrook, Port aux Basques, Lewisporte, Argentinia and St. John's?

A. We do not operate to Argentinia or St. John's.

Q. You know the C. N. coastal boats do go into those points?

A. From where?

Q. From Cornerbrook, Port aux Basques?

A. The Canadian National service runs vessels from St. John's along to Port aux Basques. They run another vessel from St. John's around Argentinia Bay. One is on a fortnightly basis and the other is on a weekly basis. They also run a vessel from Port aux Basques to Cornerbrook -- I beg your pardon, they run a vessel from Lewisporte to Cornerbrook. On the north coast they have nothing actually running from Port Aux Basques to Cornerbrook.

They rely on the rail service.

Q. And the cargoes they handle do not necessarily have to go into St. John's, do they?

A. Not necessarily, except that the service from Port aux Basques is infrequent, and perishable - cargoes are likely to deteriorate.

Q. What gives you that impression? Are these boats not refrigerated, or have freezer compartments?

A. Yes. It is all right when the vessel is there, but there is no refrigeration in Port aux Basques to hold the stuff.

Q. The stuff is held in the boats until delivery is taken?

A. You miss my meaning, sir.

Q. Tell me what you mean.

A. If the freight is put off at Port aux Basques and has to wait to get on to the Canadian National steamer at Port aux Basques, it is liable to deteriorate.

Q. Have you any details of any such deterioration?

A. I have not been here long enough to give you any details.

Q. That is what I wondered because our information is different.

A. All I can give you is hearsay, what has been told to me by merchants there.

THE CHAIRMAN: Have you facilities there to prevent deterioration, Mr. O'Donnell?

MR. O'DONNELL: We handle the merchandise in refrigerator or freezer compartments in the boats, and at North Sydney when we receive it it is from refrigerator

cars, and my information is that very good care is taken of it. If that were not the case we certainly would have claims. There is no doubt about that. I am merely asking Mr. Reddall if he has any information concerning this alleged deterioration, and he says he has not been here long enough to know anything about that other than what he has been told.

THE WITNESS: I am not trying to imply there is any mishandling of any freight.

MR. O'DONNELL: Q. I did not think you were.

A. It is merely that the freight is subject to delay there because of the nature of the service.

Q. Are the Canadian National Railways not handling all the freight that is offered at the present time?

A. They are handling all the freight that is offered, I believe, yes.

Q. And is it not a fact that for years shipments from Sydney went through Port aux Basques?

A. For where, sir, through to St. John's?

Q. For delivery in the various parts of Newfoundland and distribution there?

A. Actually that is not quite the right answer because a great deal of the shipments have been picked up by schooners run by small operators along the coast, and they go direct to the outports.

Q. From where?

A. From Port aux Basques.

Q. I am speaking from North Sydney.

A. Yes -- and from North Sydney.

Q. It is true there has been some schooner business

out of Sydney, but the railway shipments out of Sydney for Newfoundland have gone through Port aux Basques for years?

A Yes.

Q That is right?

A It is the only point where there is a railway so it can only go on that line.

Q There is a railway at Cornerbrook? It could go there?

A The same line.

Q Certainly, and there is a railway at any of these other points we mentioned. It is true there is only one line. I will put it to you that, unless you get a return cargo from Newfoundland, the venture will scarcely be a commercially profitable one?

A No, I did not say that.

THE CHAIRMAN: Q. What is that?

A I did not say that.

MR. O'DONNELL: Q. Do you think you could operate it with one-way cargo?

A I would say we have had insufficient time to tell yet.

Q And apparently the venture was set up without any definite return cargo available?

A The venture was set up without any definite return cargo available. That is correct.

Q I thought you mentioned something about a subsidy. I may be wrong.

A I have never mentioned subsidy, no.

THE CHAIRMAN: Q. Do you receive any subsidy?

A No, sir.

Q It is a private venture?

A It is a venture by the Prince Edward Island Industrial Corporation, which is a Crown corporation.

MR. O'DONNELL: Q. In effect that Crown corporation will be competing for traffic that, generally speaking, would otherwise go by rail through Sydney?

A In part. In actual fact it is difficult to say how much we shall be competing with the railway and how much with individual schooners which would operate seasonally.

Q You say your vessel is a 400 ton vessel?

A Yes, she is actually registered 394 tons.

Q What carrying capacity would that be?

A In tons or cube?

Q Tons.

A Actually she will lift somewhere between 380 to 400 tons.

Q In so far as passengers are concerned there is an air service, is there not, from Moncton to Newfoundland?

A From Moncton?

Q Yes.

A Yes, there is the T.C.A. service.

Q And as a matter of fact other shipping companies operating out of Halifax and Saint John, New Brunswick, would be competing with your vessel for the carrying trade to Newfoundland?

A Not so far as this province is concerned, no, because they do not operate into the same ports that we do, and we do not operate into the ports that they go in.

Actually the vessels from Halifax of the Newfoundland-Canada Steamships call here, and they go directly to St. John's. Actually we do not call at St. John's.

Q To meet your competition there would be nothing to prevent them from making calls at the ports you call at?

A With one exception, and that is their vessels are too large to get in.

Q They might put on vessels of the same size?

A There is nothing to prevent them putting in vessels of the same size.

'MR. O'DONNELL: Thank you very much.

COMMISSIONER ANGUS: Q. If the traffic was through Halifax or Saint John would they be as likely to get their cargo from Prince Edward Island as you are? Would there be a chance that some of the cargoes from Prince Edward Island would not move at all if it were not for your service?

A I consider that is likely. Actually we have found that one or two wholesalers here in the province are doing business which they have never done before since this service was introduced, so I can only assume the reason for that business being done is the existence of this service.

THE CHAIRMAN: Any further questions? Thank you very much.

MR. DARBY: The next witness will be Mr. Lorne MacFarlane, produce dealer and potato grower.

LORNE H. MacFARLANE, Called

THE CHAIRMAN: Q. What is your business?

A Produce dealer and potato grower.

MR. DARBY: Q. You have been engaged in that business for how long, Mr. MacFarlane?

A Twenty-five years.

Q And as a potato grower you grow approximately how many acres of potatoes a year?

A Between 200 and 300.

Q And as a shipper of potatoes you ship approximately how many potatoes a year?

A From 500 to 800 cars.

Q 500 to 800 cars, and reduced to bushels that would be about what, 600,000?

A 750 bushels to the car.

Q And just where are your markets for these potatoes, Mr. MacFarlane?

A Mainly in the United States and upper Canada.

Q Mainly in the United States and upper Canada, and your market in the United States is mainly seed potatoes, I take it?

A Largely seed potatoes.

Q About what proportion would be seed or table stock?

A In the United States market?

Q In the United States market.

A It varies from year to year, but I would say approximately 80 to 20, 80 per cent seed.

Q About 80 per cent seed?

A Yes.

Q And 20 per cent table stock, and your Canadian market is found where?

A Ontario and Quebec largely.

Q Such points in Ontario as Toronto?

A Practically every city in Ontario.

Q And would you tell me what proportion of your total potato sales would be Canadian as compared to the United States?

A Well, that also varies from year to year but last year, for instance, I would say about 60-40.

Q 60-40; that would be 60 per cent Canadian?

A United States.

Q And 40 per cent Canadian?

A That is right.

Q And I take it that your shipments of potatoes, your business, is carried on from Summerside?

A Yes.

Q Do you ship from other points on the Island besides Summerside?

A We ship from practically all stations west of Summerside.

Q All stations west of Summerside. In other words, when you have a sale in the United States or Canada of so many carloads you make them up from various distribution points?

A That is right.

Q And then they are shipped on through to that particular market. Of the shipments of potatoes what percentage would be rail movements?

A Seventy-five per cent of my business is rail.

Q Seventy-five of your shipments would be by rail?

A Yes.

Q From the time they leave their collecting point to delivery?

A That is right.

Q And I take it the rest would be by boat to the American market?

A That is right.

Q And would a part of that boat shipment be part rail movement as well?

A Not in my case.

Q You ship directly?

A From Summerside or Charlottetown to the American port.

Q I understand that some of the Island shippers ship to Saint John and load on a steamer there?

A That is right.

Q That is your movement of potatoes. Do you ship any turnips?

A No.

Q Your shipments of potatoes are substantially an all-rail movement of potatoes which must pass over the connecting link with the mainland, the car ferry between Borden and Tormentine?

A Yes.

Q There has been considerable discussion of freight rates. Perhaps I might direct your attention to some comparisons of rates in the shipment of your potatoes. For example, if you ship a carload of potatoes from

Summerside to Toronto what would be your freight rate on that carload prior to March 31, 1948, and the rate now?

A From Summerside the rate was 38 cents a hundred.

Q How much?

A Thirty-eight cents.

Q That is prior to March 31, 1948?

A Whatever the date of the increase was.

MR. O'DONNELL: April 8.

MR. DARBY: Q. That is to Toronto?

A Toronto.

Q And since then?

A With the 21 per cent increase it figures around 47 cents.

Q About 47 cents per hundred pounds, and can you reduce that to carload figures?

A You mean the additional cost per carload?

Q I mean what the cost per carload would be to ship a carload of potatoes to Toronto.

A I could with a pencil, 45,000 pounds in a car and it is 38 cents. That would give you your figure.

MR. O'DONNELL: Q. The rate is 46¢, is it not?

A. It is 21% over.

Q. Isn't the rate 46¢ instead of 47¢?

A. It could be.

Q. Yes?

A. The outside zone takes 2¢ higher.

MR. DARBY: Q. It works out to approximately \$171, prior to the increase, and \$207, after the increase, as I calculate it. That would be approximately correct, would it not?

A. Yes.

Q. How do you market your potatoes; is it on a delivery or an f.o.b. Summerside basis?

A. 99 per cent are marketed on a delivered basis.

Q. On a delivered basis, so that the net return to the producer would be that much less on the increase in freight rates?

A. That is right.

Q. In other words, by that increase, the farmers get, for a carload of potatoes, \$36 less than they would have got had the increase not been applied?

A. That is the way it works out.

Q. There is some mention here about the short haul. I suppose it is a very natural case of calculation, that freight rate on a short haul would be reflected in a much smaller difference in what the producer would receive. That is correct, is it not?

A. Yes.

Q. For example, if a freight rate from some nearby point to a market was, let us say, \$30, and you put a 21% increase onto that, that would mean \$6.30 less to

the producer?

A. That is right.

Q. Whereas, the producer in Summerside going to Toronto is reflected by a \$37 difference?

A. Yes.

Q. And you said something about zones; perhaps you would tell the Commission about it. I suppose that has particular reference to page 71 of the brief?

A. Prince Edward Island is divided into two zones which are known as the inner and the outer zone. The inner zone takes in all stations between and including Summerside and Charlottetown. The outer zone means all stations east of Charlottetown and west of Summerside.

In the outer zone the increase in rates varies from 2¢ a hundred to as high as 7¢ per hundred pounds.

MR. O'DONNELL: Q. Depending on the mileage?

A. I do not know. The mileage has nothing to do with it; but, on the 7¢ rate, yes. But we are more familiar with the rate to Toronto and Montreal, where the difference is 2¢ per 100 lbs. between the inner and the outer zones.

Q. It occurred to me that it might be of convenience to the Commission if we had maps to look at in this case. I was able to get smaller ones, which are more readily usable. I have three here, if the Commissioners would be interested in them. The zones which the witness has referred to can be easily seen therein. Perhaps these maps of which I speak could be produced as Exhibit 61.

EXHIBIT 61 -- Filed by Mr. O'Donnell.
Road map issued by the
Prince Edward Island Tourist
Bureau, and marked to show the
zones.

MR. O'DONNELL: Q. Exhibit 61 is the road ^{map} which is issued by the Prince Edward Island Tourist Bureau; and it has had superimposed upon it in black the railway lines, so that the Commission can easily see how the railway lines run, and also how the roads run. The roads are all marked in red, or in different types of colours.

MR. DARBY: Q. So there is a difference, then, in the price that a person shipping potatoes would pay to the producer, depending on whether or not he lived within the inner or within the outer zone?

A. That is right.

Q. And that difference would be as high, in some instances, as 7¢ per hundred pounds?

A. It might be higher; but that is as high as any case I know of.

Q. Any case of which you have had any experience?

A. Yes.

Q. And in other instances, 2 cents?

A. Two cents is the average increase.

Q. Two cents is the average per 100 lbs., and what difference would that make, let us say, on a carload?

A. At 2¢ per 100 lbs., \$9 per car.

Q. So that the farmer who lives in, let us say New Annam, which is a few miles east of Summerside, would get \$9 more for his car than a person living nine miles west of Summerside would get for his car?

MR. O'DONNELL: Q. It is due to the distance from the ferry?

A. Yes.

THE CHAIRMAN: . In this map which you have filed, what do these green lines running north and south

MR. O'DONNELL: They show county lines, Mr. Chairman.

THE CHAIRMAN: Are there only two counties?

MR. O'DONNELL: There are three counties, Queens, Kings and Prince.

MR. DARBY: Kings is at the eastern end; Prince is in the centre; and Queens is in the west.

MR. COVERT: If your lordship will look at the map, the narrow division on the west, Summerside, my understanding is that Summerside, right through to Charlottetown, right to the centre of the map, that is what is known as the centre zone; and the west, from Summerside to the extreme end of the Island, and east from Charlottetown to the eastern end of the Island, those are what are known as the outer zones.

THE CHAIRMAN: Why are they not in three zones?

MR. COVERT: Because the two outer zones are on the same basis.

THE CHAIRMAN: That is what the brief says?

MR. COVERT: Q. Isn't that right?

A. Yes.

MR. COVERT: The reference is on page 50, paragraph 2, and on pages 46 and 81.

MR. O'DONNELL: The inner zone rates, as I understand it, are based on the Halifax rates; whereas the outer zone, consisting of the little two zones, are based on what is known as the Mulgrave rates.

THE CHAIRMAN: Where is Mulgrave?

MR. O'DONNELL: Mulgrave is on the Straits of

Canso, just between Cape Breton Island and the mainland.

THE CHAIRMAN: Are they the same?

MR. O'DONNELL: They are the same grouping, and the scale which applies is known as the Halifax scale, in one instance; and the other, is the Mulgrave scale. They depend on the distance. This whole business of grouping and zones in Prince Edward Island is the subject matter of proceedings presently before the Board of Transport Commissioners.

You will remember that in Halifax, a couple of weeks ago, we ^{heard} read a letter written by Mr. Matheson asking that the proceedings before the Board of Transport Commissioners be suspended until he was able to get along with this thing, and that they would fix a date for the hearing of the application.

THE CHAIRMAN: Whose application?

MR. O'DONNELL: The Maritime Transportation Commission.

THE CHAIRMAN: They are asking to have these zones abolished?

MR. O'DONNELL: Yes, and to have one zone in Prince Edward Island, and the whole matter has been submitted to the Board of Transport Commissioners, which has jurisdiction.

MR. COVERT: . My understanding of it, notwithstanding the brief, is that, regardless of what the decision may be in that case, as I understood it, it dealt with potatoes only. They want to place it -- the provinces want to place it before this Commission.

MR. DARBY: Q. I would like to direct your attention now to page 72 of our brief, where it says:

Mr. Madison

Dear Sir

I have the honor

to acknowledge the receipt of your letter of the 11th inst.

in relation to the matter of the

proposed amendment to the

constitution of the State

and in reply to inform you

that the same has been

received by the

proper authorities for their

consideration and action

and that the same will be

presented to the next session of the

Legislature for their consideration

and action

I am, Sir, very respectfully

Yours, very obediently

Wm. A. R. Madison

Secretary of State

State of New York

Albany

1846

"We submit that the conversion of the small area of Prince Edward Island into one rate zone on the same basis as presently existing for the so-called Inner Zone, is not only founded on reason, but is vitally important to our agricultural stability."

THE CHAIRMAN: I suppose that is what you are telling the Board of Transport Commissioners?

MR. DARBY: Yes. And in the next paragraph it says:

"The Government of this province is aware that the matter of zoning is presently the subject of an application before the Board of Transport Commissioners. To the extent that the latter Board may consider geographic and economic considerations not within the scope of their authority the matter is referred to the Royal Commission for their recommendations regardless of the eventual result of that application."

THE CHAIRMAN: So you are not sure then that the Board will agree that they have jurisdiction?

MR. DARBY: We are not certain of the result, in view of the attitude that the railroad takes towards everything that comes out of Prince Edward Island which might be for the economic benefit of Prince Edward Island; and this matter, which does affect the economy of Prince Edward Island is presented to this Commission who, we are sure, will receive it in an attitude different from that which the Board of Transport Commissioners has shown in the past.

MR. O'DONNELL: The matter is one of rates and groupings.

MR. FRAWLEY: There is this aspect of the matter. Even if there is a zone application before the Board of Transport Commissioners at this time, I would associate myself with this, and say that it should be a matter for the Commission.

THE CHAIRMAN: For this Commission?

MR. FRAWLEY: For this Commission, Mr. Chairman, because in western Canada there is a very remarkable absence of shipping zones, and we intend to bring that to the attention of the Commission at the proper time.

MR. O'DONNELL: I am not objecting to its being put before this Commission at all. I merely drew attention to the fact that it was a matter which Mr. Matheson had wished to have suspended before the Board of Transport Commissioners. I have no objection at all to going into the full matter,

MR. COVERT: Shall we proceed, Mr. Chairman?

THE CHAIRMAN: Very well, we shall proceed.
EXAMINED BY MR. COVERT:

MR. COVERT: Q. Now, Mr. MacFarlane, on this question of zoning you have expressed your opinion of it in the brief. Now I would like to ask you a few questions based on that.

Do you think that it is unusual that there should be a different rate for shipments from farther distant points? Let us take, for example, a shipment from Elmira into Charlottetown, across the ferry and up to Montreal, as compared with a shipment, let us say, right from Charlottetown. Do you think that it is unfair that there should be a difference in the rates?

A. It is unfair to the producer.

Q. It is unfair to the producer? Isn't that something which is pretty well bound to happen anywhere that you have to ship a long distance?

A. Yes, that is true.

MR. DARBY: Except that we have only one main port of exit from this province.

THE CHAIRMAN: What is that?

MR. DARBY: There is only one rail exit from this province, and it is in the centre of the province.

THE CHAIRMAN: That is, the only rail exit is via Port Borden?

MR. COVERT: Q. And that is why you say it is unfair?

A. That is right.

Q. Because otherwise there would not, perhaps, be anything unusual about it?

A. I know that railway rates are based on mileages in most cases, but in this particular zoning instance, the distance, we will say, from Borden to Miscouche is much shorter.

Q. Where is Miscouche?

A. It is five miles west of Summerside. It is much shorter than the distance from Borden to Charlottetown.

Q. Yes?

A. But they must pay the higher rate, from Miscouche.

THE CHAIRMAN: Q. You say this place Miscouche is west of Charlottetown?

A. No, west of Summerside.

Q. Yes, I see; I was looking at Charlottetown.

MR. COVERT: Q. You see Summerside. Just look north and slightly west and you will see the figure one. Now, the point is, as I understand it, from Miscouche to Borden, he comes from the outer zone to Borden. Is that right.

A. Yes.

Q. Whereas, from Charlottetown or any point near Charlottetown to Borden, which would be a longer distance, he pays a lesser rate; and that, we will say, is an anomaly due to the zoning factor; and you can only ship through Borden?

A. Yes. It may possibly be based on the railway mileage, which is about twice the road mileage from Borden to Miscouche.

Q. Yes. I take it that you suggest that the Island, generally, is so small that it might be treated as one zone?

A. Right.

Q. I think it has been suggested in the brief that the rate should be the lowest rate?

A. That is right.

Q. Now, the main reason you suggest why it should be one zone is that there is discrimination between producers in the different zones; isn't that correct?

A. That is right.

Q. So you would eliminate that discrimination if you took an average of the rates between the two zones?

A. That is right.

Q. And at the same time, the railway would not lose its revenue?

A. That has been discussed. As far as I know, it

would be welcomed, rather than left as it is. But we would naturally prefer to have it based on the lower rate zone.

Q. Do you think that? I notice in the brief -- I am not quite sure of the page; I think it is page 74 -- where, in the second paragraph, you say in effect that the outer zones raise more but ship less; at least, they have a larger acreage, but they ship less?

A. I am not familiar with it. Where is that paragraph?

Q. It is on page 74. If you will look at the second paragraph, it says:

"It is well known that the production of potatoes constitutes one of the principal industries, if not the most important, on Prince Edward Island. In this connection the acreage planted in 1948 totalled approximately 50,000 acres, divided between the inner and outer zones as follows -- Inner, 20,500; outer, 29,500, or approximately 44% greater in the outer zone. The acreage of seed potatoes entered for inspection in 1948 amounted to 38,754, as compared with a total for Canada as a whole of 69,969.12 acres." And then it goes on to say that via the car ferry, there were 4,025 carloads from the outer zone, and 4,848 carloads from the inner zone, or approximately 17% less than the inner zone.

In other words, I take it that you are saying that although you raise more in the outer zone, or at least plant more acres, nevertheless you ship less than you do from the inner zone. I want to find out whether or

not it would be, under existing conditions, better to ship by truck into the inner zone, and consequently, that is what is happening and there are being more shipped from the inner zone?

A. That would be especially true in the vicinity of Summerside. I do not know whether that is true of Charlottetown; but I think it might apply as well. Growers at Miscouche station, which I mentioned, would truck their potatoes to Summerside.

Q. And then take advantage of that short haul?

A. Yes; and so there is not much difference in two or three miles' haul, as far as the cost of passage is concerned.

Q. It pays to use a truck to bring them from the outer zone into the inner zone, and in some instances, to get advantage of the lower freight rate?

A. Well, you would not take them from one station to another, but, if you were in between, even though you were nearer to the station in the outer zone, it would pay you to haul them to the inner zone station, even though it might mean a difference in the length of the haul of two or three miles.

Q. And the combination of the inner zone rate plus the trucking rate would be less than the outer zone rate?

A. That is right. You are not putting it the way I tried to explain it. I would use Miscouche again as an example. It has a large potato-growing area; and the distance from the central point of that area to Miscouche is six miles. The distance to Summerside would

Mr. MacFarlane

be eight miles. They have no railway facilities in this area. Miscouche is the nearest shipping station, but the distance to Summerside is only an additional two miles; so they would haul that extra two miles in order to get the benefit of the lower freight rate.

Another explanation, while we are dealing with the reason for this is why there are less potatoes shipped from the outer zone, although more are grown. Georgetown and Souris are large shipping points with good established facilities.

MR. O'DONNELL: Q. Those are water shipping points?

A. With water facilities, and a lot of potatoes are loaded by boat.

THE CHAIRMAN: Q. And they go where?

A. Mostly to the United States and Cuba, and occasionally to South America. Their ports are open later in the year than the western ports.

MR. COVERT: Q. Georgetown is open; it is the port that is open, certainly, longer than any other port on the Island; isn't that right?

A. I do not know whether it is open longer than Souris, or not; I believe, possibly, that it is.

MR. O'DONNELL: Q. In that area, the trucks take the potatoes to the ship?

A. To the ship, yes.

MR. COVERT: Q. Now, you say that 99 per cent of your sales are made on the basis of a delivered price?

A. That is right.

Q. And I suppose that depends largely on the market;

at any rate, in some years that might be so?

A. Well, it is very rarely that you can effect sales f.o.b. Prince Edward Island.

Q. So, generally speaking, potatoes are sold on a delivered price basis?

A. That is true.

Q. Was there any increase in the price of potatoes following the 21% increase in the railway rates?

A. Was there any increase in the price of potatoes?

Q. Yes?

A. That would be hard to answer. There certainly was not any increase in 1949 over the 1948 price.

Q. You say there wasn't any increase?

A. No. We had to dump a lot of them.

MR. SINCLAIR: Over-production.

MR. COVERT: Q. Would there be any figures available for sales of potatoes just before and after the 21% increase? Would that be a market season? I think the increase came into effect on April 8, 1948?

A. Yes. I imagine any dealer would have those records. I did not bring mine with me.

Q. Could you, perhaps, furnish to Mr. Campbell and Mr. Darby figures for both before and after that?

A. I could.

Q. And **they** could file them with the Commission?

THE CHAIRMAN: We will adjourn now till 2.30.

---At 1.00 p.m. the Commission adjourned until 2.30 p.m.

Mr. Rogers

Charlottetown, P.E.I., July 26, 1949.

AFTERNOON SESSION

MR. COVERT: Mr. MacFarlane was the last witness on the stand, and I had finished asking him questions, and he is subject to cross-examination now. Call Mr. MacFarlane.

MR. CAMPBELL: I was just looking for him; I do not see him in the court. He lives in Summerside, and he may have thought that he was all through.

THE CHAIRMAN: Is there somebody we can go on with?

MR. CAMPBELL: Mr. Rogers, as your lordship will remember, was stood down to permit these people from outside to be heard.

THE CHAIRMAN: Well, can you call Mr. Rogers?

MR. COVERT: I think Mr. Campbell should tell Mr. MacFarlane that he should be here for cross-examination. Did you have some questions?

MR. O'DONNELL: Oh, yes.

MR. COVERT: I do not know whether there was anyone other than railway counsel --

MR. SHEPARD: I had a few questions that I wanted to ask him, Mr. Chairman.

THE CHAIRMAN: Well, I suppose Mr. Campbell will do his best to get him.

MR. CAMPBELL: Yes, we will tell him.

THE CHAIRMAN: In the meantime we will proceed with Mr. Rogers.

B. GRAHAM ROGERS, recalled.

EXAMINED BY MR. COVERT:

Q. Mr. Rogers, there were a few points arising out of the Premier's evidence upon which you could perhaps assist

us. One was on page 4667 of the Premier's evidence --

A. I haven't got the evidence.

Q. Well, I think perhaps you won't need it. He said:

"If a truck wishes to cross to Nova Scotia to carry goods, it must pay \$25 for a licence before it is allowed to cross the boundary of Nova Scotia. That is a federal licence."

Do you know anything about that?

A. No, sir, I don't know anything about it being a federal --

THE CHAIRMAN: Who was it said this?

MR. COVERT: The Premier. I thought perhaps Mr. Rogers might know.

THE WITNESS: No, I don't know about it being a federal licence. I know that there is an interprovincial trucking agreement, but possibly Mr. Campbell could answer the question at the moment.

THE CHAIRMAN: Can you tell us that, Mr. Campbell?

MR. CAMPBELL: Col. Thompson can answer.

MR. COVERT: Well, perhaps we had better leave that until later.

THE CHAIRMAN: ' The thing is, we wish to know whether there is such a thing as a Dominion Government licence.

MR. CAMPBELL: It is a Dominion Government dealer's licence, my lord.

THE CHAIRMAN: Dealer's licence?

MR. CAMPBELL: Dealer's licence under the Fruit and Vegetable Inspection Department of the Dominion Government.

THE CHAIRMAN: It is a licence to truck fruit and vegetables; is that it?

COL. THOMPSON: A licence that the dealer must take out under the Fruit, Vegetables and Honey Act, \$25 per year, fiscal year, in order to handle potatoes. Otherwise he is not permitted to ship.

THE CHAIRMAN: When you say handle, do you mean to truck?

COL. THOMPSON: Truck or by rail.

THE CHAIRMAN: What I do not understand is, why does this licence start to operate only when the truck gets to Nova Scotia?

MR. COVERT: Perhaps we had better have Colonel Thompson get on the stand and clear that matter up.

Could you take the stand, Colonel Thompson?

COL. C. C. THOMPSON, called

EXAMINED BY MR. CAMPBELL:

Q. Colonel Thompson, you are Secretary or Chairman -- what position?

A. Secretary.

Q. Of the Potato Advisory Committee, is it?

A. That is right.

MR. CAMPBELL: Prince Edward Island Potato Advisory Committee.

THE CHAIRMAN: Is that a Dominion --

MR. CAMPBELL: No; Provincial.

EXAMINED BY MR. COVERT:

Q. Colonel Thompson, are you a Provincial Government employee?

A. Well, semi.

Q. In your capacity on this Potato Advisory Committee, is that a Provincial --

A. The Advisory Committee was formed last summer and started to function about last October, and represented a considerable group of licensed dealers in potatoes in Prince Edward Island who ship or control about ninety-odd per cent of the entire movement, and we were formed with the idea of co-operating with the railway principally in every way we could. In the last month or two that has been absorbed now by the Provincial Department of Agriculture.

Q. The Advisory Committee has been absorbed by the Prince Edward Island --

A. That is right, Department of Agriculture.

Q. -- Department of Agriculture. Are you an employee of the Department of Agriculture?

A. No; I am secretary of this new organization which is just in the process of being set up now.

MR. CAMPBELL: I might further qualify Colonel Thompson.

Q. For how many years before that were you a shipper of produce?

A. Since 1920.

MR. COVERT: Q. Colonel Thompson, perhaps you can explain to the Commission the statement of the Premier which reads as follows:

"If a truck wishes to cross to Nova Scotia to carry goods, it must pay \$25 for a licence before it is allowed to cross the boundary of Nova Scotia. That is a federal licence."

A. That is right.

Q. Could you explain that?

A. Well, under one of the provisions of the Fruit, Vegetable and Honey Act, under which all dealers in potatoes in Canada operate, before they can function as a shipper or seller, they must take out what is known as a licence under the Department of Agriculture. That expires at the 31st of March each year, and costs \$25.

Q. Well, has that anything to do with the crossing of a boundary?

A. Yes, because all those people who transport potatoes referred to there, from here to Nova Scotia, when the car movement is practically cleaned up here, they go around and pick up little lots of potatoes. Well, now, to have some control over those truckers, they were obliged to take out a Federal licence; that is for trade interprovincially.

Q. For interprovincial trade?

THE CHAIRMAN: Q. Under this same Act you are referring to?

A. Yes, sir. There are about --

Q. They handle only potatoes?

A. Potatoes and vegetables.

MR. COVERT: Q. It applies, then, for potatoes and vegetables?

A. That is right.

Q. Now, would it mean that if they had a licence, this \$25 license, they could go to any of the provinces, or does it have to be --

A. That is right.

Q. To any of the provinces?

A. That is right; and it enables them to ask for Federal Government inspection on their load of potatoes or turnips or cabbage or berries or whatever it may be.

Q. Then is it in reality a sort of inspection fee?

A. That is right.

Q. And does that apply to any province in Canada?

A. That is right.

THE CHAIRMAN: Q. Then does it mean that they have to have this licence even if they are only working in one province?

A. No sir; they do not have to have it working in their own province.

Q. It is when they go into interprovincial trade?

A. That is right, sir, or a farmer who ships inter-provincially does not have to have it to move his own crop, up to a maximum of so many cars. If he goes beyond that, then he has to take it out.

MR. COVERT: Q. Do you know what that maximum is?

A. About three carloads.

THE CHAIRMAN: Q. You mean three railway carloads?

A. That is right, sir.

Q. I see. Then the fee is not because they are trucking, it is because they are handling these articles?

A. That is right, sir.

Q. Is that right?

A. In other words, they are just like a dealer during the shipping season of carlots.

MR. COVERT: Q. That is, a dealer, let us say, who shipped over the maximum -- say he shipped five or ten carloads -- would have to take out a license too?

A. Certainly.

Q. It is not a trucking licence at all?

A. No.

Q. Now, do you know, is that to prevent the spread of disease?

A. Yes.

Q. That is what is it for?

A. Principally; and to see that the quality is up to the required standard.

Q. If he does not want to have his potatoes inspected, does he still have to pay the licence fee?

A. Well, he cannot get them over on the ferry; there is an inspector there to see that he has his licence and to see that those potatoes have been inspected.

THE CHAIRMAN: The point is, who has the licence? Is it the man who is running the truck for somebody else, or is it the man who owns the vegetables?

MR. COVERT: I take it it is the dealer.

THE WITNESS: No; if the man is operating the truck he has to have it himself.

MR. COVERT: He has to have it; but if he is not operating a truck but is a dealer shipping via freight cars, who has it?

A. The dealer has to have it.

Q. The dealer has to have it?

A. Yes.

THE CHAIRMAN: I do not understand that.

MR. O'DONNELL: The statute possibly would clear it up.

THE CHAIRMAN: If the dealer ships by train the dealer himself must have the licence; if he ships by truck the truck man must have the licence; is that it?

MR. COVERT: Q. Is that correct?

THE CHAIRMAN: That is what is being said.

THE WITNESS: I would not like to give an opinion on that, for this reason, sir --

THE CHAIRMAN: You have the Act have you?

MR. O'DONNELL: No, I haven't, my lord.

THE WITNESS: Those truckers only operate when the season is about to finish.

MR. COVERT: Q. What is that, Colonel?

A. Those truckers generally operate at a time when the car movement has ceased.

Q. That is, when the railway car movement has ceased?

A. That is right.

THE CHAIRMAN: Q. The point is, is the licence fee on trucking or on handling these commodities?

A. It is on handling the commodities.

MR. COVERT: Q. It is on handling?

A. Definitely.

Q. And the purpose of it is to provide inspection, for the prevention of disease?

A. And to protect the purchaser. I can furnish you this afternoon or to-morrow with a copy of that Act.

MR. COVERT: Thank you very much, Colonel; I think that is all.

B. GRAHAM ROGERS, recalled

EXAMINED BY MR. COVERT:

Q. Now, Mr. Rogers, would you turn to page 20 of the brief? On this question of buses, I wanted to find out if there is another bus company on the other side; that is, when the bus unloads its passengers from the Island side and they go across on the ferry, is there another bus line to pick them up?

A. That is right, sir.

Q. Now, is that the same bus company?

A. It is to all intents and purposes the same bus company.

THE CHAIRMAN: That would be in New Brunswick.

MR. COVERT: In New Brunswick, yes.

THE WITNESS: Yes.

MR. COVERT: Q. That is the same or a subsidiary?

A. Yes -- no, this is the subsidiary on this side.

Q. The subsidiary operates on the Island, and the parent company operates on the New Brunswick side?

A. Yes. This same subsidiary, as you call it, also operate to and from Wood Islands Ferry at the eastern end of the province.

(Page 4947 follows)

Q That is in connection with the --

A Wood Islands Ferry Service.

Q The ferry from Wood Islands to Cariboo?

A Yes.

THE CHAIRMAN: Q. Do they operate in Nova Scotia?

A No, on the Nova Scotia side they are met by the Irving coach line at Cariboo, and they take them up to New Glasgow where they connect with the Acadia coach line.

Q That is another bus company?

A Another bus company, no relation to this one at all although they co-operate, of course.

Q May I ask another question there --

A We refer here altogether to passenger service.

MR. COVERT: Q. Would you turn to page 31.

In the last paragraph on that page you say:

"The market is about two-fifths local - the balance exported to the Maritime Provinces and Newfoundland."

That is dealing with dairy products, and I wondered if you wanted to expand on that in any way and give the reasons why the market for dairy products is limited to the Maritime Provinces and Newfoundland?

A Well, it is uneconomical to ship to further markets. The freight rate kills it, so we have to depend on the nearby markets. In connection with that I should like to say that the people of this province are very anxious to expand their dairy production. And as a consequence they are very much concerned over the question of increased markets for the pretty good products which are produced here, and that is one of the reasons why

the long haul freight rates are so particularly pertinent to us.

Q Did they ship dairy products beyond the Maritimes and Newfoundland at any time?

A Oh, yes, in years gone by.

Q When you say "years gone by" when would that be?

A That, of course, might be relative, but I would say to my knowledge in the 1930's.

Q In the 30's?

A Yes.

Q Where did they ship to?

A Mostly Montreal and Toronto.

Q Now, when you refer to dairy products there you would be referring to what particularly, butter, cheese and eggs?

A Well, you would not call eggs a dairy product.

Q You would not?

A No, butter and cheese.

Q Now, as to butter, would you not be under stiff competition at all times from the Central Provinces for the central Canadian markets?

A We consider we are under pretty stiff competition all the time, and that is one of the reasons why it is very necessary for us to get our products into the larger consuming centres on a fairly competitive basis. I might add that, in the matter of dairy products, there is considerably more involved than what would appear on the surface, for this reason --

MR. O'DONNELL: Characteristic.

THE WITNESS: Yes, thank you -- for this

reason, that the dairy industry is one of the chief means of conserving our soil, and as I am quite sure everybody here knows, the question of soil conservation is one of national importance. It is of equal importance to us here in a relative sense. It aids in maintaining the fertility of the soil as well as preventing erosion, and there are a good many other reasons as well, but I think those two are quite important enough to stress that the dairy industry is a matter of very grave concern to the people of this province.

MR. COVERT: Q. If you develop your market in the Maritime area and in Newfoundland, would that not be a pretty good market?

A We have developed both of those markets to quite an extent, and I will admit there is certainly room for improvement. I might say, in regard to the market in the Maritimes, that we have had some little improvement over recent years through the establishment of the Wood Islands-Cariboo ferry service, which has enabled us to truck our butter and sometimes cheese to a market like Halifax within a few hours, say eight or nine hours, against perhaps four or five days by rail. You can understand that is quite an important factor in the delivery of butter, and the same thing applies on the Borden-Tormentine route since July 1. I would not like to infer that the rates on the Borden-Tormentine route have been reduced on July 1 due to the fact that this Royal Commission has been appointed. I do not wish to infer that.

MR. O'DONNELL: Q. You do not what?

A I said I do not wish to infer that the reduction in truck rates on the Borden-Tormentine route, which have been such a severe handicap, occurred because the Royal Commission was coming here.

MR. COVERT: Q. You had been after that for some time?

A Yes, we have been after that for twenty-seven years, I think, to my knowledge.

Q Now, I suppose that the Wood Islands-Cariboo route would also open up your market to the Cape Breton area?

A That is right. It is of considerable aid.

Q That is a deficiency area, is it not, for butter and cheese?

A Yes

Q Would you now turn to page 34? Under the heading "live poultry" about halfway down the page, it says:

"Two carloads approximately 25,000 pounds were moved by rail" --

THE CHAIRMAN: What page is that?

MR. COVERT: Page 34, about the middle of the page under the heading "live poultry".

"Two carloads approximately 25,000 pounds were moved by rail and, in addition, it is estimated that 450,000 pounds of live poultry moved by truck to U.S.A. The poultry moved via C.N.R. Borden Ferry. If the United States market had not been favourable, this poultry would have been packed locally and probably moved for export by rail."

Would you care to elaborate on that?

THE WITNESS: During that particular year there was a very heavy demand in the eastern United States for live poultry.

MR. COVERT: Q. That is 1948?

A 1948, yes, and to some extent also it existed in 1949. Part of that live poultry we were told was used by a group of people who prefer to have their own men kill the poultry and food which they eat. I am saying that very respectfully, sir. These birds were taken in there and mostly used for that purpose. If it had not been that the market was very high - there was a high price available for the birds - they could not have shipped them at all. The trucking rates at that time on the Borden-Tormentine route were much higher **than** before the Royal - were much higher than they are now.

Q And that situation is cured now by the reduction?

A I would not say it was entirely cured. I would say it has been somewhat alleviated.

Q The reduction was quite substantial, was it not?

A Yes, the reduction was very substantial.

Q On that same page right underneath the heading, "Annual Egg Production" you say:

"The markets for the above produce are mainly Montreal, Toronto, St. John, Halifax and U.S.A."

Would it be possible to furnish us with a breakdown of those markets between those various places, and for a period of years, which would enable us to examine the

market trend?

A That breakdown would have to be before the British order for eggs came into effect because the bulk of our first class eggs have been for the British order during recent years. What was left over went to Maritime points and some to Montreal. I would be glad to obtain those figures for you.

Q If you could, I think we would like to have a breakdown.

A For what years?

Q From about 1925, if you could.

A I will try.

COMMISSIONER INNIS: Q. How much livestock do you send out? You have a table here on page 30 showing what was shipped to packing plants outside P.E.I.?

A Yes, sir.

Q Why are they sent outside?

A It is a matter of competition. Possibly I could take a minute to explain it. In this province we have Canada Packers who have a large slaughtering plant in Charlottetown. I am referring particularly to hogs mostly. Swift & Company have a large packing plant at Moncton, and they are after our hogs here because our hogs are fairly good quality, so there is competition between the two plants to get some of this production. The hogs that are sent to Moncton, of course, are shipped by rail, and during the summertime the hogs that come into Charlottetown are brought in mostly by truck, and during the wintertime they are brought in actually from local points by rail.

Q Would you say most of the livestock moves in a territory tributary to Borden, near Borden? Is that the competitive region?

A No, the livestock that is sent to Moncton comes from different parts of the Island.

Q From all over the province?

A Practically all over the province, yes. There is quite keen competition between the two companies.

Q They can pay the rates to Moncton and still compete?

A Yes, that is one of the mysteries that we have not been able to solve, among others.

MR. O'DONNELL: The rates are low.

THE WITNESS: Where to?

MR. O'DONNELL: Moncton.

THE WITNESS: That is another mystery. Thanks for solving that one.

MR. COVERT: Q. At the top of page 38 the statement is made:

"All our freight traffic is long haul...."
I presume that has particular reference to agricultural products?

A Yes, it has. We have not anything else to export from here except some fish, besides agricultural products. It also includes imports. You will notice that on page 39 we show the excess of imports over exports. We are very greatly dependent here for almost everything on the other provinces.

Q I see you mention on page 38 your dependence on imports?

A Yes. Possibly I could give a brief illustration that would show that point up very clearly. I do not suppose there is a man in this audience, who lives on Prince Edward Island, who has anything on his body at the present moment that did not come from Ontario and Quebec. He might have a little that came from Nova Scotia and New Brunswick, but very little. I do not suppose there is anything in this room that did not come from the other provinces, particularly Ontario and Quebec.

Q In that connection you say:

"No other province in Canada will feel the impact of increased freight rates to the same extent."

What I am suggesting to you is that perhaps in some of the western provinces, where there are even greater distances, and they have no alternative means of shipment --

A There are two elements enter in there. One is the distance element, and the other is the question of manufacturing. In all the western provinces they have a certain number of manufacturing industries, so that some of the things they use are made within their own provinces, but here we have practically none. That is why the statement is made that we are more dependent than other provinces. That involves a third question, speed in delivery of the things we have to import.

COMMISSIONER INNIS: Q. Can we assume that the difference implies the movement of empty cars out?

A Would you qualify that?

Q The difference between imports and exports of cars of freight. Does this mean that you are moving out

empty cars?

A Empty cars are not included there. These are all loaded cars.

Q Can we assume that the difference between 12,000 and 17,000 represents empty cars?

A Oh, no, the empties are separate to that altogether.

Q I quite realize that, but somehow you must have the same number of cars coming in as you have going out?

A These figures are just cars shipped in with freight in them and shipped out with freight in them.

MR. O'DONNELL: There are about 10,000 trucks taking freight out that make a little difference.

THE WITNESS: Not from Borden to Tormentine.

MR. O'DONNELL: 5,624 over the Wood Islands Ferry and 5,246 over the other ferry.

THE WITNESS: But these are railroad cars.

COMMISSIONER INNIS: Have you any statistics on empties?

MR. O'DONNELL: We might be able to get them.

THE WITNESS: I can furnish you with those, but these are just the loads.

THE CHAIRMAN: Q. The point is a simple one. If you import 17,846 cars of freight and ship out only 12,083 cars, what becomes of the other cars?

A They take them back. They are accounted for in a different set of figures.

Q What is that?

A They take them back, but they are accounted for in a separate set of figures.

Q They take them back empty?

A Yes, sure.

COMMISSIONER INNIS: That is what I was trying to get at.

THE WITNESS: Pardon me, yes, they take them back empty. You see this is an island and there is not any other place for them to go to any other point.

MR. COVERT: Q. Then, Mr. Rogers, would you turn to page 41? In the fourth paragraph you say:

"All these imports and exports enter the province through one channel, the Borden-Tormentine ferry route."

Surely you must receive some supplies by ship, and also some imports and exports must travel via the Wood Islands-Cariboo route?

A Yes, but these figures on page 40 are referring to the railroad traffic. These figures refer to the railroad traffic.

Q. And then, for instance, when you refer at the top of page 41 to the dollar value of agricultural machinery imported as being \$1,200,000, and fertilizer, as being \$2,237,000, and automobiles, you say they all come ---

A. That is all Borden-Tormentine, the Canadian National Railways. Our dependence on imports as well as exports is one of the reasons why we are particularly concerned with the safety of the Borden-Tormentine route, and by that I mean the continuous service of that route, because it is very vital to us as well as to the Canadian National Railways, because they get the bulk of our inward and outward exports.

COMMISSIONER INNIS: Q. Have you got the figures on trucks moving from Wood Island to Cariboo?

A. Yes, sir. I have those figures right here somewhere.

Q. Well, would you mind getting them for us?

MR. COVERT: Are those the figures on page 21 that you are referring to, Dr. Innis?

COMMISSIONER INNIS: Q. That includes trucks, but there is no indication whether they are loaded or unloaded.

A. No, but they are mostly loaded, though.

Q. We can assume that.

A. In answer to your question, sir, that is true on the Cariboo and the Wood Island route. They mostly return with a load. But, on the Borden-Tormentine route, up to July 1st, a great many of them returned empty and for this reason. If they took a load of agricultural produce over on the Borden-Tormentine route in a truck, then they had a special rate, but provided the truck

returned empty. That was a ridiculous thing.

THE CHAIRMAN: Q. You mean a special rate from the railway?

A. Yes, on the Borden-Tormentine route, sir.

MR. COVERT: Q. You say there was a special rate if they returned empty, which was lower than if they returned full or loaded?

A. If a man took a truckload of certain specific products, agricultural or fish, over on the Borden-Tormentine route in a truck, he had a special rate, provided that he brought the truck back empty. But if he brought the truck back with a load on it, he paid 20¢ a hundred for the load on the truck. The special privileges were then done away with.

THE CHAIRMAN: Q. He had to pay for the load on the way back?

A. That is, for the load.

Q. But not for the truck?

A. No, just for the load.

MR. COVERT: Q. Was it, perhaps, for this basis: if he took a truckload across from the Island on the ferry---

A. By the Borden-Tormentine route, you mean?

Q. Yes, by the Borden-Tormentine route, the truck came back free?

A. If it was empty.

Q. But if it was loaded?

A. Then he paid 20¢ a hundred for the goods on the truck.

MR. O'DONNELL: Q. If he couldn't find a load, he got a free return trip?

A. That is right; but it was not a question of finding a load. I think it is not a good principle to have in any transportation schedule.

Q. But it helped the Prince Edward Islander to get over to the mainland with a load of produce?

A. Why should he not be permitted to bring back a load at a generous rate? Our very existence depends on that.

MR. COVERT: Q. What you are saying is that this was to discourage return loads?

A. As far as we could see, that was the object. That is the way the object would appeal to a man who read the printed word.

THE CHAIRMAN: Q. Does an empty truck going from here to New Brunswick pay for the privilege of going over?

A. Yes, sir.

Q. But it does not pay coming back, if it has taken a load over?

A. That rule has been done away with.

MR. COVERT: Q. On July 1st of this year, that was done away with?

A. Yes.

THE CHAIRMAN: Q. I see. Now they pay in any case, whether they are full or empty?

A. Yes, but at a lesser amount.

MR. O'DONNELL: Q. At very much reduced rates. They meet the Wood Island ferry rates now?

A. Yes, it meets those rates, and it is based on the length of the truck, actually.

MR. COVERT: Q. Now, Mr. Rogers, at page 45 of your brief, at the top of the page, dealing with the Maritime Freight Rates Act, you say that this Act grew from the recommendations of the Duncan Commission, except for two particulars, and in the third paragraph you say:

"We realize that, in regard to the international rate, some considerable difficulty may be met; yet we submit that the Government should keep this matter under consideration, so that at some time satisfactory arrangements may be made with the American lines, and the Duncan Report fully implemented."

Now, have you any specific suggestions as to how these international rates should be dealt with?

A. No, sir. We haven't any specific recommendations, because, to the ordinary citizen, the matter is a fairly deep one, and we submit that it should be a question of negotiation between the Dominion Government and the United States Government, in so far as possible. You are referring here, of course ---

Q. Yes?

A. Yes, in so far as possible, and while we are on that point, in regard to confusion of rates, I wonder if I might be allowed to refer to confusion of our Dominion rates as well?

Q. Go ahead, but I do not quite follow you.

A. Well, I just stated that the question of international rates is something that we do not feel justified to make any specific recommendations as to detailed points, but we do urge the Dominion Government to continue its study in that respect and to try to find some way, if at

all possible, whereby there could be a better arrangement made between the two countries on international rates than apparently exists at the present time.

That was the object of that, and while I am on that point which illustrates the confusion which exists in the minds of a great many people in regard to freight rates, I would like to direct your attention to the fact that prior to April 8, 1948, the people expected that whatever freight rate increase was granted by the Board of Transport Commissioners to the railways would be that amount.

So, on April 8th, the 21% increase went into effect; and the public all across Canada expected that it would be 21% on the rate structure existing at that time and on the various zones, and so on, that existed at the date of April 8th, when these rates went into effect. But we found that, shortly after April 8, 1948, these rates, in some cases, were increased as high as 40%; and I believe, in some cases, evidence will be brought out here tomorrow to show that those rates were increased, in some cases, pretty close to 60%. So we would like to know -- and I believe the people of Canada would like to know -- if all these zoning arrangements and so on, and qualifications, were found necessary, why couldn't that have been done before the 21% increase was granted, so that the shippers would know where they fitted; they would know what this 21% was on?

I think we should go on record here as being opposed to that principle of rate increases. I submit it is utterly beyond the scope of the ordinary average man to understand these things. And the average man -- that is

what most of us are here today -- no, I won't say that; I will qualify that statement. I would have to leave out quite a number of you gentlemen, but the average people that I am talking about, they are the people who expected it was going to be 21%, yet they find, after April 8th, that it is not 21%; that it is perhaps 40% or 50%. So that is what I mean, Mr. Covert, in regard to the confusion surrounding rates. And I do hope, very sincerely, that this Commission, this Royal Commission, will be able to find some solution to that problem.

MR. COVERT: I think the witness has reference to such things as competitive rates.

THE CHAIRMAN: We found out, in some places, that the increase was 142%.

THE WITNESS: My goodness! That is even worse than Prince Edward Island. Thank you for that information; I am sure we all feel better now.

MR. COVERT: We might, perhaps, explain that the witness is talking about competitive rates which the Board, in its judgment, said should be increased, in the discretion of the railways.

MR. O'DONNELL: Up to the just and reasonable rates.

THE WITNESS: Have zone rearrangements anything to do with competitive rates? I mean, rearrangement of zones; has that anything to do with competitive rates?

MR. COVERT: Q. I do not quite get you?

A. We have two zones here on the Island. We were told ---

Q. No, no.

A. Okay, I will drop that.

Q. On the same page, 45, when you are talking about rates between Prince Edward Island and the United States, you say, in the second paragraph:

"The international rates between P.E.I. and the principal United States markets have been increased materially since March, 1938, but fortunately exceptions in the case of agricultural commodities, including potatoes and turnips authorized by the Interstate Commerce Commission and automatically adopted by the Board of Transport Commissioners on international traffic, have had the effect of maintaining to some degree the competitive position of Prince Edward Island with producers of similar produce."

Now, the increase which you refer to there since March, 1938, this would be due to rate increases which were granted by the Interstate Commerce Commission?

A. Yes, sir, I presume that is it.

Q. In effect, you are saying first that they adopted a different principle in the case of agricultural commodities?

A. Well, sir, we are not in a position, exactly, to talk about principle. All we can talk about is the effect on us. I think that is absolutely right.

Q. Are you suggesting that in the case of agricultural commodities, and, as you say, including potatoes and turnips, that that should be dealt with and that there should be special treatment?

A. Yes.

MR. O'DONNELL: Yes.

THE WITNESS: Thanks, Mr. O'Donnell.

MR. COVERT: Q. Does not the water transport help this province at all?

A. Yes. Water transport certainly does help this province to quite an extent.

Q. Could someone make available to the Commission some figures on what part of the general produce of this province is exported by rail, by sea, and by truck?

A. Yes, sir. I have those figures here partially, and I would be glad to get more of them and submit them to you.

I might say that, in regard to potatoes, there are certain steamer loads of potatoes which leave here each year, mostly for points in the United States, and there

is other water-borne traffic to Newfoundland. I have the figures for 1947-48 here which I will be glad to file with you. And the other is the shipping by coastal vessel from Prince Edward Island ports to Newfoundland, and, to some extent, to Nova Scotia. Those are our three water avenues.

Q. Now, at the bottom of page 47, I wondered if you were comparing Prince Edward Island with other maritime provinces when you say, with respect to Prince Edward Island:

"... the effect of horizontal increases will bear its greatest impact."

A. Well, sir, Prince Edward Island is practically, almost entirely, dependent on agriculture.

Q. Yes. You have told me that before. I did not

want to go into that again.

A. Then what is it you would like to know?

Q. I wondered if you are making a comparison with other maritime provinces in saying that you regard the impact more than any other place in Canada. Is that your view?

A. That is my view, because we have not any manufacturing industries down here.

THE CHAIRMAN: Q. You are talking, when you say that, of goods being shipped into this province, and you say you haven't any manufacturing?

A. No, we have not any manufacturing.

Q. So you are talking about the effect of the high rates on the goods which you have to import?

A. That is right, as well as on the exports, and that is another reason why the Borden-Tormentine route is of particular value and significance to this province. That is why we want to be sure that we are going to have a non-interrupted service there, and that is why we must have more frequent trips. And when I say that we must be sure of uninterrupted service there, that means that we must be protected by having another boat there.

MR. COVERT: Q. Now, would you turn to page 48, where, at the top of the page there is a quotation from the judgment in the 30% case; and you say that the Board of Transport Commissioners said there that they cannot give effect to the geographic and economic conditions; and you say that this Commission is not bound by any such limitation?

A. That is my understanding.

Q. You understand, of course, that this is not a court of appeal or anything like that. You mean: in

their recommendations?

A. That does not mean this Royal Commission. That refers to the Board of Transport Commissioners, not to this Commission.

Q. I mean, when it says:

"This Commission is not bound by any such limitations."

A. That is the Board of Transport Commissioners.

THE CHAIRMAN: Q. No, no. You have just said this Commission?

A. That is right; I mean this Commission. I was confused for a moment; pardon me. That is what I said. This Commission is not bound, but the Board of Transport Commissioners is bound.

(Page 4976 follows)

Q. You are referring to their ability to make recommendations in respect of such matters?

A. That is right.

Q. Then I assume that you are suggesting that the Board of Transport Commissioners should have such powers and this Commission should make such a recommendation?

A. Yes. We feel that the powers of the Board of Transport Commissioners should be widened so that when certain specific things of this nature come to them they should be able to deal with them.

Q. Now, you think that the --

A. Do you agree with that? Perhaps I should not ask you that question.

Q. I am afraid I cannot answer that.

THE CHAIRMAN: I think if you answer Mr. Covert just now, we will get along all right.

THE WITNESS: Excuse me.

MR. COVERT: Q. Now, Mr. Rogers, do you think that that should be something that should be in the hands of a Commission such as the Board of Transport Commissioners, or should it be perhaps left as a matter of Government policy? Would you care to express an opinion on that?

A. Well, of course, Government policy in a democracy always takes precedence over the policy of an organization such as the Board of Transport Commissioners, and I --

Q. Perhaps I could ask it in a different way. What I am suggesting is, do you think that it is feasible for a board such as the Board of Transport Commissioners to have powers of determining, for example, that, due to the geographical situation of a province, there should be special consideration in the rate structure?

A. Well, I appreciate very much the confidence which you have placed in me by asking me that question, sir, but I would like to call your attention to the fact that these honourable gentlemen I understand are to decide that question.

Q. Well, I was just looking for your opinion, which might be of some assistance to the Commission?

A. Well if they in their judgment decide that such powers should be widened, of the Board of Transport Commissioners, we would welcome that. I think that is as far as I can --

THE CHAIRMAN: Does not the brief ask for that to be done?

MR. COVERT: Yes, it does. I wanted to have the views of the witness, with a view to testing some of them, and I gather he is not prepared to go any further than simply that the Province recommends that.

THE WITNESS: That is right, because, after all, we could not very well, could we? Pardon me for asking a question. We could not very well go any further than that, to state that that is our belief.

MR. COVERT: Mr. Chairman, what I proposed to do was to take up with him the question of whether he thought that might not result in the Board of Transport Commissioners becoming an economic planning board, and whether he thought that was advisable.

THE CHAIRMAN: Well, it seems to me two questions arise there. When you say that they should have this power, you must secondarily consider whether everybody believes that they would always exercise that power in such a way as to satisfy everybody.

MR. COVERT: Yes. I think it goes on from there.

You have them deciding it in one area, and then immediately that may place another area at a disadvantage, and they may --

THE WITNESS: I can see the difficulty.

MR. COVERT: Q. Would you say this, Mr. Rogers, that you see that there might be some difficulty arising out of placing powers like that in the hands of a commission?

A. I can see the difficulties referred to by his lordship, and, due to the fact that we now have a complete realization that those difficulties do exist, it is our hope that through the deliberations here and elsewhere some solution might be found to that problem, because if this country is going to progress economically -- and it is a young nation -- we think that that question of geography in the matter of rates is one of the utmost importance.

Q. Perhaps I might put it this way, Mr. Rogers: you say that there are these disadvantages, and there should be something done to fix them up?

A. Yes.. We hope some solution will be found. Might I read into the record just at this moment a paragraph from an editorial which appeared in the Halifax Herald of Monday, April 4, 1948? This editorial was referring to the railroad situation and the railroads paying their way, and it ends up in this way:

There is more to rail transportation than rates -- far more. Rates in a country like Canada, and in the light of all that has gone on, all that has been pledged, can be regarded as little more than incidental to the main considerations. Rates are not the Alpha and Omega of this matter, not by any manner of means."

Q. I take it, Mr. Rogers, you subscribe to that?

A. I beg your pardon?

Q. I say I take it that you subscribe to that?

A. Definitely; and I think everybody in Prince Edward Island subscribes to that.

MR. FRAWLEY: Q. Subscribes to the paper??

A. No, sir; subscribes to the principles expressed. It is a good paper, though, I might tell you from the west for your information.

MR. COVERT: Q. Mr. Rogers, on page 49 there are two little details that I wanted cleared up, if you could clear them up. They both appear in the quotation from Mr. Brookins' letter. It is in the fourth paragraph down, where it starts out:

"The present 21% freight increase in addition to the a/m reductions "

Now, just what does that mean?

THE SECRETARY?: "above mentioned".

MR. COVERT: "above mentioned" -- I am sorry.

THE WITNESS: I don't know what that means; I think it is a printer's error.

THE CHAIRMAN: We have just been told that it means "above mentioned". I never saw it before.

THE WITNESS: I never did before. That just shows an example of our economy here. We are just on the margin of everything, and we even have to economize on our typewriter ribbons. It is a good example.

MR. COVERT: Q. Then, Mr. Rogers, two paragraphs above it says:

"We then estimate a nominal figure as our profit "

Now, I realize this is a letter from Mr. Brookins, and perhaps

you don't know anything about just what he means there?

A. Where is that?

Q. It is in the second paragraph of that quotation, five lines down.

A. Oh, yes.

Q. Do you know how that is calculated?

A. It usually runs around \$35 to \$50 a car.

Q. \$35 to \$50 a car?

A. Yes, most of them charge that -- and that is a good profit, mind you, because they have risks.

THE CHAIRMAN: Well, he is talking of a nominal profit.

MR. COVERT: Yes.

Q. That is a car of --

Q. Yes, a car of potatoes. If they make \$35 on a car of potatoes it is good business. They have their overhead to take care of and everything, you know.

MR. O'DONNELL: A man with 800 cars this morning, \$50 a car.

THE WITNESS: He would not make that much on that many cars. He would do well to make -- I wouldn't like to say, because I don't know the details of his business, you see, but I know in your Canadian National Railways, with your large volume of business you claim your percentage of profit is very small, so I presume you are a pretty outstanding example of that principle.

MR. COVERT: Q. Now would you turn to page 57, the third paragraph from the top of the page, where it says, quoting from Mr. Dysart:

"Now, it is recognized that in the operation of the government railways, owing to the capital structure

"which existed at the time of the entrustment and which still exists in a major part today, it will, under many circumstances, be exceedingly difficult to make a net profit."

I presume that the whole quotation is inserted in the brief to show what you contend are the views of the C.N.R. in operating this car ferry; is that correct?

A. Yes, you can take that as one example.

Q. And that was that their position is to operate it as a capable and prudent administrator?

A. I think in this particular case, sir, that it has a broader reference than just the car ferry.

MR. O'DONNELL: All they are speaking of is the car ferry.

MR. COVERT: That is what my understanding was.

THE CHAIRMAN: The car ferry is given as an instance only.

THE WITNESS: Yes.

MR. COVERT: What I wanted to know was, it appears to me that that is the reason for including this, to show the attitude of the C.N.R. as to the operation of this car ferry. That is the purpose of including this in the brief?

A. Yes, that --

Q. Now, two or three questions I wanted to ask you about that. The first is, you feel that their attitude is wrong, namely, that they should not operate as a capable and prudent administrator, that it should not be operated on the basis to make a net profit, but --

A. You mean the car ferry?

Q. Yes.

A. Yes, that is right.

MR. SINCLAIR: Q. Does it make a net profit?

A. No.

MR. COVERT: I don't know whether it does or not.

THE WITNESS: It loses about a million dollars a year.

MR. O'DONNELL: A fairly large net deficit.

THE WITNESS: Well, I would like to speak on that deficit after you ask your questions.

MR. COVERT: Let us just continue with this first.

A. I just did not want to forget it.

Q. You say the question of operating it at a profit is not the point; that is correct, is it ?

A. Yes.

Q. Now, the railway in these quotations seemed to say, "Here, this has been entrusted to us, and until we receive instructions to the contrary from the Government, which entrusted it to us, we are going to operate it or try to operate it on this basis." Now, what I want to know is, has the Province taken up with the Government the question as to whether or not they are changing those instructions to the railway?

A. Yes, we took that question up on a number of occasions, but for some reason we never got very far with it, and we don't know exactly what the agreement is between the Canadian National Railways and the Dominion Government for operating that ferry, but we understand in a general way that they were told, "Here is the ferry, you go and operate it," so they are operating the ferry at no expense to themselves. All of the operational expenses, the boat itself, the piers on both sides and the repairs to those piers, do not come out of Canadian National Railways revenue.

That money is paid by the Dominion of Canada.

Now, you asked specifically in regard to that deficit, and I would like you to refer to the page in the Government brief on the trucking end of it. Have you got that page, Mr. Darby? I want to go into this matter of deficits.

THE CHAIRMAN: Q. What page is it?

A. Just a moment; I will get it, sir. It is under "Trucking".

MR. COVERT: Q. I see the heading "Trucking" on page 67 and following. Are you referring to --

A. Yes, I am referring to pages 67 and 68, if you will keep those pages in mind, please. I am referring to this deficit. So far as Canadian National Railways are concerned, as an entity -- and I want to make it clear on this record that I am not saying anything disrespectful to the Canadian National Railways, for whom I have the very highest and deepest respect, for many of their officers, but we think the Canadian National Railways has a bonanza in the operation of that ferry. You will notice on page 68 that they can bring over their railroad cars loaded for two dollars, carrying approximately sixty tons; they do not pay anything for carrying their passenger, mail, baggage or express cars across, neither do they pay anything for their returning empties on that service. Now, the Canadian National Railways benefit very materially from their inward and outward freight to and from this province, which of course they would not get if the ferry was not there, and Mr. Appleton, when he was Vice-President and General Manager of the Canadian National Railways, Moncton, told me on numerous occasions that the Prince Edward Island Railway is one of the most valuable branch lines that the

Canadian National Railways owns.

MR. SINCLAIR: God help them!

THE WITNESS: You don't know half the story yet, Mr. Sinclair. So possibly part of the deficit is made up in that way, but we feel that the deficit should not be charged against the Province of Prince Edward Island, because all the rest of Canada benefits just as much as we do. In other words, that ferry is an integral part of the general plan of development of this nation as a whole, and that is what we are all interested in.

MR. O'DONNELL: Q. For mail and passenger service; where do you get the freight?

A. The freight originates mostly from your lines, sir; you should be aware of that.

MR. COVERT: Q. I take it, then, what you are saying is that the car ferry belongs to the Government of Canada?

A. It belongs to the Government of Canada, and it serves all Canada.

Q. It is entrusted to the C.N.R.?

A. To operate.

Q. And that they should not be allowed to take their empty cars back on the ferry free --

A. No, sir.

Q. -- if they charge trucks, for instance?

A. No. You are leading right up to the point that I want to get over. We are not raising any objection to that at all, but we are raising an objection to this, that their ^{one} rates on/hand are low; we are not objecting to the rate, but we are objecting to the general principle of operation. Their rates on one hand, one side, are low, and what we want

to know is why that ferry cannot be operated more frequently; why is it tied up so much to railroad schedules? That ferry is owned by the Dominion of Canada, and it was put there to perform a service, and why should it perform a half or a quarter of the service that that wonderful boat is capable of producing for the benefit of everybody? That is the point. The Canadian National Railways apparently controls the actual operation and schedules of that boat, and we want possibly the operations but definitely the schedules removed from that situation.

THE CHAIRMAN: Q. You mean to say that now the ferry is used only to meet the trains?

A. There are some extra trips, sir, besides that.

Q. There are some extra trips?

A. Yes.

MR. O'DONNELL: As many extra trips as there is need for.

THE WITNESS: As there is freight, as a rule.

MR. O'DONNELL: Q. Yes. Do you want it to run around for nothing?

A. Listen, Mr. O'Donnell --

MR. O'DONNELL: Well, there is no use running it if there is no freight.

THE WITNESS: One of the reasons why this province has been handicapped is just because of the difficulties that we have experienced for years and years and years in getting to and from this Island -- and, incidentally, I want to thank the Canadian National Railways for their generosity in providing to the Fort Beausejour Museum a duplicate of the little old rowboat that used to run across between the straits here years and years ago. That is only incidental, but

that will give you an example, gentlemen, of what we have been up against during all these years, starting with row-boats. The very fact that these schedules are slow is hindering business; it is causing business to decrease. People don't know when they can get over or when they can get back half the time. They know they are subject to all kinds of delays and --

THE CHAIRMAN: Q. You are talking now of passenger service?

A. Passenger, automobile and trucks, and general freight can be included in that as well.

(Page 4990 follows)

Q Are there any runnings per day at this time of the year that are not railway runnings?

A Yes, today we have four trips each way.

Q In addition?

A No, that is the total.

MR. COVERT: Q. How many of those are to meet train schedules?

A Two.

Q So there are two each way over and above meeting train schedules?

A That is right.

Q.
THE CHAIRMAN: Would you say that is sufficient?

A My gracious no, no, because we have not got more schedules is the reason why we have got ~~more~~ business.

MR. COVERT: Q. Is the complaint that it does not carry freight or that it does not carry passengers? What exactly is the complaint?

A In so far as freight is concerned naturally there are congestions at times on account of the capacity of the boat. I honestly feel in regard to the movement of freight, with the exception of l.c.l., that the Canadian National Railways are doing a pretty good job. During the past winter locally they performed a Herculean task in moving our products here on Prince Edward Island in view of all the difficulties they were up against.

Q Just a minute. As far as freight is concerned your main trouble is in the delay in l.c.l. shipments?

A And the limitation of the freight, that is, at times of heavy freight the boat can only carry nineteen cars altogether, the big one, so that it piles up on the

other side, and that causes delay, but usually it goes through fairly well.

Q If that ferry did not have to carry trucks in the space that was designed for railway cars would there be trouble in handling freight?

A Well, when the ferry was built it was designed to handle trucks, automobiles and buses. I explained in the evidence yesterday that the upper deck was strengthened to carry a vehicle of 30,000 pounds on the upper deck, which does not interfere with railroad traffic, but unfortunately they cannot get up to it because the ramps, the driveway, have not been completed.

Q What I should like to do is take one thing at a time. I should like to deal with freight first. You say the ferry will carry nineteen cars?

A That is right.

Q As I understand it - and you can correct me if I am wrong - sometimes it does not carry nineteen cars because they leave the cars off to enable trucks to go in where the freight cars ordinarily go. Is that correct?

A Occasionally.

Q If, for example, there were another ferry just carrying cars and trucks --

A It would be a great help. There should be an icebreaker.

Q Would a ferry capable of handling nineteen cars be sufficient to look after the freight movement?

A Not during the heavy periods, no.

Q What are the heavy periods? How long do they

last?

A In the fall months, fall, winter and spring.

Q Fall, winter and spring?

A That is right. Those are our heavy periods.

Q Would it handle them fairly well?

A Ye-, it will handle them fairly well.

Q The point I want to make is this, that if this is a very serious matter I think you would have statistics, or would have had a survey made and statistics prepared showing how many cars are held up, for what periods of time - I mean freight cars - and so on. Have you anything like that that would be of assistance to the Commission which would show definitely just how serious this problem of handling freight is?

A It is quite difficult for us sometimes to get information from the Canadian National Railways as to how many cars are held up. I would suggest that the information be requested officially by this Commission from the railways, and I am sure it will be forthcoming.

Q Then I take it you have not that information that you could furnish?

A Not in detail, no, just in a general way.

Q Let us take next the question of trucks. You say that with the present car ferry service there is not room on there for the trucks that really need to use it. Is that correct?

A That is right, at busy times in the year, the spring and fall particularly.

Q Have you any figures showing just how great that deficiency is?

A I might answer that question this way, that up until July 1 of this year we were very very severely handicapped in the trucking traffic on the Borden-Tormentine route due to the excessively high rates that were in existence, and we feel very confident, in fact, we are extremely confident that the trucking business on the Borden-Tormentine route is going to grow very very largely, and that has been shown on the growth of traffic on the Wood Islands-Cariboo route.

Q Where the rate was lower than Borden-Tormentine?

A Where the rate was much lower.

Q Have you any figures at all, or could they be procured, to show whether or not there has been an increase on the Borden-Tormentine route since the decrease in rates?

A In 1948 there were 4,240 trucks crossed both ways at Borden-Tormentine. Previous to 1948 the railway did not have the exact figures on trucks for the reason that some were shipped on flat cars and were not classified as straight truck traffic. Therefore figures are not available previous to that time, but as nearly as I could estimate - and I found the railway authorities very very co-operative in this - the year before was somewhere about 2,200. That is as nearly as we could figure, and then when the better facilities were provided it immediately jumped up to 4,240. That figure is a definite figure. You see, Mr. Covert, up to a few years ago many of these trucks had to be loaded on flat cars and taken over. It was very inconvenient.

Q I understand that from the brief, but what I

want to know is whether there has been any marked increase since the new rates went in on July 1?

A. I don't know that since July 1, but I would say positively there has been a 100 per cent increase during the past year due to the fact they could drive on the lower deck of the Abegweit.

Q I think it might be helpful if you would supply figures from July 1 say to July 25 for this year as compared with last year, and also for the same period on the Wood Islands-Cariboo route, to show whether or not the increase on the Borden-Tormentine route meant a decrease on the Wood Islands-Cariboo route.

A It is a strange thing, but as one increases the other increases. For example, last year, 1948, there was also a large increase on the trucks on the Wood Islands-Cariboo route. For example, in 1948 there were 3,713 and in 1949 5,624.

MR. O'DONNELL: Not 1949.

MR. COVERT: Q. I wonder if you are not comparing 1947 and 1948?

A That is correct, 1947, 3,713 and 1948, 5,624.

MR. CAMPBELL: Perhaps it might be more useful if we deferred that for a month or so, but well in advance of the Ottawa sittings, so that we would have two or three months for those figures and give a better picture.

MR. COVERT: What I thought the Commission might be particularly interested in is the effect of the reduction in rates because it seems to me the reduction is very substantial.

THE CHAIRMAN: That is the rates on trucks?

MR. COVERT: That is right.

THE WITNESS: On the Borden-Tormentine route.

MR. COVERT: That is right.

THE WITNESS: But it brings those rates just to the level of the Wood Islands-Cariboo.

MR. COVERT: I understand that.

THE CHAIRMAN: Q. Does that mean that the railway company wants the traffic?

A No, sir, that they were requested by the government of Canada to reduce the rates.

MR. O'DONNELL: Q. But lost a lot of business, a lot of freight, that they would otherwise get?

A I do not think so because if you check your railway figures you will find that since the Wood Islands-Cariboo service went into effect on the eastern end of the Island that railroad traffic has increased over the line which goes through that country.

Q It just means this, does it not, that whereas we used to get \$6 or \$12 for a truck, or \$10 to \$20 for a truck on a flat car, and also the freight charges on the contents of the truck, that now meeting the Wood Islands rate the railway gets \$2 for a single truck or \$3 for return in one case, or \$3 and \$4.50 in another case.

A That is right, but it is the government of Canada.

Q No charge is made for the freight in the truck?

A But you have more trucks and you will make it up in volume, and besides that the country is going to be served better. Your Mr. Metcalfe told me recently

that one of the things the Canadian National Railways is particularly interested in is the economic development of this country in every part, because as the country develops economically the trade grows of your Canadian National Railways.

Q No charge for the freight in the truck whereas we used to have it.

A That is true; there is no charge for the freight.

THE CHAIRMAN: Since you are telling us about this, Mr. O'Donnell, why were these reduced rates put into effect?

MR. O'DONNELL: Why?

THE CHAIRMAN: What is behind it?

MR. O'DONNELL: I suppose there were requests made for reductions, and the government deemed it advisable to reduce them. I don't know.

THE CHAIRMAN: The government?

MR. O'DONNELL: I assume so. They are the owners of the ferry.

THE CHAIRMAN: They are the owners, but you have the operation.

MR. O'DONNELL: Yes.

MR. FRAWLEY: Did the Board of Transport Commissioners have to approve these rates?

MR. O'DONNELL: I do not think so. As a matter of interest, Mr. Chairman, inasmuch as frequent reference has been made to the operation of the ferry, and the method of keeping its accounts, it is all provided for by order in council P.C. 904, which was enacted on the 16th of May, 1933. Possibly we might file that

as Exhibit 62.

THE WITNESS: Would you mind giving me that date?

MR. O'DONNELL: It is P.C. 904.

THE CHAIRMAN: P.C. 904. What is the date?

MR. O'DONNELL: The 16th of May, 1933.

EXHIBIT NO. 62: P.C. 904, dated May 16,
1933.

THE CHAIRMAN: I find that it says here:

"We further recommend that, so far as the ferry boat service is concerned, it should not be run as part of the railway operations, but should be run by the railway administration under separate account for the department. We feel that, by reason of its association with railway accounts, this service does not get the attention it should receive. "

That is the motivating part of the order in council.

MR. O'DONNELL: That is the reference to the Duncan Commission recommendation.

THE CHAIRMAN: They adopt it. They say:

"That it is deemed expedient that the Canadian National Railway Company shall keep the accounts respecting revenues and expenses of the Prince Edward Island Car Ferry Terminals and the steamers in the car ferry service between the said terminals separately from all other accounts..."

MR. O'DONNELL: That is right. In the annual report of the Department of Transport each year, particularly at page 102 of the report for the year from April 1, 1947 to March 31, 1948, will be found the net

Mr. Rogers

income results, and the deficits since 1933 have run from \$288,144.18, and have increased progressively throughout the years, I believe, until 1947 when it was \$931,853.96.

THE CHAIRMAN: While it is kept separately, is it ordered who shall fix the rates? I do not see anything here that interferes with the original entrustment.

MR. O'DONNELL: NO.

THE CHAIRMAN: It orders you to keep separate accounts.

MR. O'DONNELL: Yes.

THE CHAIRMAN: Mr. Dysart said you were permitted by your entrustment to administer it as prudent administrators, which would mean, I suppose, make it pay its way at least. Why then have you reduced the rates now when, as you say, you are losing money?

MR. COVERT: There may be more light thrown on that --

MR. O'DONNELL: As I understand it, the suggestion was made that the competition of the Wood Islands Ferry should be met, and it is now being met.

THE CHAIRMAN: That is it. Then you yourselves have reduced the rates to meet competition?

MR. O'DONNELL: That is what it amounts to in this particular case.

THE CHAIRMAN: That is not being imposed upon you by the government or the Department of Transport?

MR. O'DONNELL: I would have to get more definite instructions on that.

THE CHAIRMAN: All this order in council says

is that you must keep separate accounts.

MR. O'DONNELL: Which we are doing, and which we have done ever since the time it was decreed.

THE CHAIRMAN: It does not interfere though with your duties as operators of the ferry.

MR. O'DONNELL: I do not think it does.

THE CHAIRMAN: It does not say who shall fix the rates.

THE WITNESS: May I call attention to the fact that, if Mr. O'Donnell's view is correct, it took the Canadian National Railways seven years to meet the competition of the Wood Islands service.

THE CHAIRMAN: That is another point. We are not arguing that now. We are trying to find out why the rates were reduced, and if they were reduced to meet competition it is their own concern.

MR. CAMPBELL: You were asking a while ago for figures on potatoes showing the rail movement and water exports from P.E.I. for 1948. There it is at the bottom of the page. It is segregated. You also asked for the number of cars, loaded cars, awaiting shipment. I find that on April 2, 1949, there was a total of 120 cars waiting shipment at Tormentine to get over to the Island.

THE CHAIRMAN: Q. What is your general submission, Mr. Rogers? You say this ferry belongs to the government?

A Yes.

Q The government is the proprietor, and instead of having some other company the Canadian National

Railways operate it, you say to suit their convenience, and that the government should have it operated differently?

A To suit the convenience of the people.

MR. O'DONNELL: Q. No matter what the cost?

A No matter what the cost. I might say there is an outstanding example in Canada, the example in connection with the canal system. They are operated twenty-four hours a day to serve the traffic, and this ferry is owned by the dominion government and it joins two provinces, and I do not see why it should not operate on more frequent trips. We feel if it would operate on more frequent trips that the volume of traffic would grow. It is so uncertain at the present time, especially for vehicle traffic.

THE CHAIRMAN: Q. While we are talking of the ferry, what are the real facts about this question of whether there are two ferries, as some say, or only one? Which is right?

A On the Borden-Tormentine route there is the M.S. Abegweit, the last ship that was built, and the S.S. Prince Edward Island which was built about 1914 or 1915.

Q Are they both operating at the same time?

A No, sir, the old boat operates when the new boat goes in drydock.

Q So there is only one boat operating the year round?

A That is right, with the exception that during the month of August we have an old home week celebration

Mr. Rogers

here and a lot of people come to the province and they put the two boats in operation at that time, and on Labour Day.

Q During the month of August?

A No, for about seven days.

Q In August, and on Labour Day in September?

A That is right.

Q On those occasions there are two ferries operating?

A Two ferries operating.

Q But for the rest of the year there is only one?

A One, that is right.

MR. O'DONNELL: And the one handles the traffic, and whenever it is needed the other is available. In addition to that there are two other boats, the Scotias, one and two, which are available in the case of need.

THE CHAIRMAN: Who is going to judge as to the need?

MR. O'DONNELL: The operator, presumably.

THE CHAIRMAN: The railway judges that.

MR. O'DONNELL: If all the traffic is being handled there is no need.

THE CHAIRMAN: Mr. Rogers seems to say that there is need, and great need, but you are not meeting it. That is the point.

THE WITNESS: That is the point, and in regard to the Scotia boats they are flat boats open decked, and there have been occasions when they were on there in years gone by that they could not cross because it was blowing too hard, and besides that they are not ice

breakers.

MR. O'DONNELL: There is no ice in the summer-time.

COMMISSIONER ANGUS: Q. When you say the volume of traffic would increase, would you expect that under favourable conditions the actual physical deadweight volume of freight from the Island would be much greater than it is, or is it producing something approaching physical capacity?

A I am very glad you asked that question. The story is that since the car ferry went into operation on the Borden-Tormentine route - we can take the last twenty years for example - the physical volume of freight has more than doubled, and yet we have not anywhere nearly reached our productive capacity. We feel that with adequate service, frequent service and moderate rates, that our productive capacity can be very very greatly increased. We know it can over and above what it is today, but we cannot hope to get more markets for our products until such time as we have adequate allyear round, fast, modern transportation facilities in order to meet the demands of modern day business.

Q There would be markets, you think?

A Absolutely; there is no question about it, and that would apply both on inward and outward because as our prosperity increases, which we hope it will, we will naturally be buying more from the other provinces.

Q I was not thinking of dollar value so much as production requirements for transportation.

A Physical volume, yes, quite right.

COMMISSIONER INNIS: These rates are not reported to the Board? Are they approved by the Board, the reductions in rates on the ferry?

MR. O'DONNELL: The tariff is filed with the Board.

COMMISSIONER INNIS: Just as an ordinary rate?

THE CHAIRMAN: It is filed as a competitive tariff?

MR. O'DONNELL: That is my understanding. The present tariff is C.T.C. No. E23960, issued the 27th of May, 1949, and effective the 1st of July, 1949. It is headed "Competitive local freight tariff of ferry charges on automobiles, trucks, loaded or empty, in either direction from Borden, P.E.I., to Cape Tormentine, N.B., and from Cape Tormentine, N.B. to Borden, P.E.I."

THE WITNESS: In answer to your question further I should like to say that the Trans-Canada Highway will be an important matter in our development, and naturally the ferry system at Borden-Tormentine is our link with the mainland portion of that highway, so you can realize it is of very great significance to us, both the ferry and the highway.

MR. COVERT: Q. I shall return to page 58, and I am putting these questions to you. They are questions which I should like answered by the province at some time.

THE CHAIRMAN: Did you say page 58?

MR. COVERT: Yes.

Q You start out in the first paragraph by saying:

"The service is part of the Confederation pact

with this province under which Canada undertook to 'assume and defray all the charges for the following services...'"

Then it goes on.

"Efficient steam service for the conveyance of mails and passengers..."

In the first place I think the Commission should be told as to the views of the province, what interpretation they place on the words "mails and passengers", and also where it goes on to say:

"...thus placing the Island in continuous communication with the Intercolonial Railway and the railway system of Canada."

I should like to know first whether or not the whole thing is not limited to mails and passengers, and secondly as to communicating with the I.C.R. and the railway system as distinct, for instance, from connections with highways. Then I should also like to know the province's interpretation of the words "assume and defray all the charges for the following services." I should like to know just what is meant by that.

THE CHAIRMAN: Those words are quotations from what you first read, are they not?

MR. COVERT: That is right.

THE CHAIRMAN: The word "thus" there is important, "thus placing the Island."

MR. COVERT: I think it may be very important to have the argument develop^{ed} on that. I think we should know whether it is suggested there should be this nine mile deduction, for example, in the freight rates.

In the next paragraph it says:

"The car ferry should therefore be considered as part of the national highway system, an inter-provincial link, the use of which should be free of all charges."

Is it to be suggested that it be free of charge to passengers, to automobiles, to trucks, regardless of whether they are loaded or unloaded?

THE WITNESS: That would be the millenium, but our dealings so far with certain authorities have disillusioned us in that respect. I think, Mr. Covert, the best answer to your question, if I interpret it rightly, is that there has been a definite acknowledgement on the part of the Dominion Government of their obligation and of their interpretation of that part of the terms of Confederation due to the fact that they have actually, at their own expense, put into effect a system for carrying freight to and from this province, and I think the completion of the act is self-evidence of the original intent of the agreement. Is that what you wanted to find out? That is our interpretation of it here.

MR. COVERT: Q. That is the basis of your interpretation?

A That is our interpretation of it.

Q That there has been some recognition of that?

A I mean the basic matter has been established without coercion on our part.

Q. Now, you see, in the paragraph about the sixth paragraph down the page, on page 58, where they refer to the maintenance of telegraphic communication between the Island and the mainland of Canada, they say, in the next paragraph:

"The latter service was instituted in 1913 when cables were laid across the Northumberland Strait, but no tolls for telegram and telephone messages are charged. We were considered as adjoining the mainland and no charge was made for the nine miles across the Strait."

Are you suggesting that the same principles be adopted?

A. We look at it this way: here is an example in Canada towards which we, naturally, aim, in our hopefulness; and that is, we will take the Dominion canals, to which I referred a few moments ago, which connect two large bodies of water in Ontario, for example.

Q. Excuse me; I do not want to stop you.

A. Why shouldn't we have the same right here?

Q. But what I am trying to draw out is: You say that this is based on the confederation pact?

A. Yes.

Q. The one disturbing point, the one point that I cannot quite get in my mind is: you say communication with the I.C.R. and the Railway system of Canada. How do you bring in, for instance, taking over trucks and buses; how is that communication with the I.C.R. and the railway system of Canada?

A. Well, at the time of confederation we know that the Fathers of Confederation knew that this country

was going to grow, and they knew that a broad interpretation would have to be placed on the Acts which they put into effect at that time, and, as proof of that, I cite their vision in bringing about the Union of Canada. So, naturally, they anticipated, as time went on, conditions would be changing, and that one part of Canada should have equal advantages with the other parts of Canada.

Q. I think I have pointed out the questioning; and I would like to have someone else develop it.

A. Yes, I think it is a question for a lawyer.

THE CHAIRMAN: If there are any special reasons arising out of the Confederation pact, in so far as Prince Edward Island is concerned, which have not been given their full accomplishment, and which we might be asked to look into, we shall do so, if we can bring in the necessary remedy to bear in the matter of transportation, because, after all, that is the only part we are concerned with.

MR. COVERT: Q. It occurs to me that if there was some doubt about the interpretation of the Confederation pact applying as broadly as suggested in the brief, then it would seem to me that, perhaps, we could base the case on the fact that the province is suffering from economic and geographic disadvantages, rather than base it on the fact that here is an order in council which has been passed, P.C. 6033; and if it has something to do with transportation, might that not be a better way to base our case?

A. I agree, because we have had to do it in the light of modern conditions.

COMMISSIONER INNIS: Are telegraph messages based on the order in council?

MR. O'DONNELL: It is in the original order in council, that the maintenance of telegraphic communication between the Island and the mainland of the Dominion shall be assumed by the Dominion Government.

COMMISSIONER INNIS: Are telephones automatically included?

THE CHAIRMAN: Is it a fact that the Dominion Government pays for the nine miles of transmission between the Island and the mainland?

MR. O'DONNELL: The transmission by telegraph?

THE CHAIRMAN: Yes.

MR. O'DONNELL: I shall now read an extract from the Imperial Order in Council of the 26th of June, 1873, regarding the admission of Prince Edward Island into the Union (under the British North America Act):

"The obligation assumed by the Dominion Government is as follows:

"That the Dominion Government shall assume and defray all the charges for the following services, viz." (and one of them reads)

"The maintenance of telegraphic communication between the Island and the mainland of the Dominion." It may include the maintenance of the line, itself.

THE CHAIRMAN: Q. I understood from Mr. Rogers that the nine miles between the mainland and here are not chargeable?

A. That is my understanding.

MR. O'DONNELL: They are charged as land lines. The government maintains that communication; but

it does not mean to say that no charge is made for the use of the telegraph system.

THE CHAIRMAN: The nine miles at sea are charged as if they were nine miles on land.

MR. O'DONNELL: That is my understanding.

COMMISSIONER INNIS: Q. Is there a government telephone?

A. It is a private company; the Island Telephone Company Limited, which is owned by the Maritime Telephone & Telegraph Company.

Q. Are they re-imbursed for these free messages?

A. No. They provide their own radio phone service between here and the mainland. I do not know what the rate is.

Q. You say that no toll is charged for telephone messages?

MR. CAMPBELL: For example, suppose you send a telegram from Sackville, N.B., to Charlottetown, which is a distance, let us say, of 80 miles. You would pay as if you were sending a telegram for only 71 miles, because you get nine miles of it free.

COMMISSIONER INNIS: But it does not include the ordinary telephone messages of a telephone company?

MR. CAMPBELL: No.

MR. COVERT: I think this matter should be cleared up. It seems to me that there is just a statement in the brief from which that might be inferred, but I think real evidence might be given on that, Mr. Campbell.

MR. CAMPBELL: Yes, and we will get it.

MR. COVERT: I would call the attention of the

Commission at this time to that part of the order in council dealing with telegraph communication. That is the same order in council which deals with the question of conveyance of mails and passengers; . and one is maintenance. That is in the case of the telegraph communication, and the other is to defray all the charges for the following services: efficient steam service for the conveyance of mails and passengers. And I think that is where the difficulty is involved in the interpretation.

MR. O'DONNELL: That is right.

MR. COVERT: Q. Now, on page 64 -- I do not know, Mr. Chairman, whether this is worth bothering about -- but there is a statement on page 64 by Mr. Walsh, at about the middle of the page.

THE CHAIRMAN: Were we told the other day who Mr. Walsh was, or is?

MR. O'DONNELL: I think he was the principal of one of the high schools in Memramcook.

THE WITNESS: It was given in the evidence yesterday.

MR. O'DONNELL: I think he was a principal of one of the Montreal schools, and a member of parliament for a Montreal riding, Outremont.

MR. COVERT: Q. In the middle of page 64 there is a statement, about the third line down; no, the fourth or fifth line down in the fifth paragraph, and it reads as follows:

"I was wondering if the Government could not spend some money out of that deficit in order to help reduce the deficit -- "

THE CHAIRMAN: That would be a happy way of financing it.

THE WITNESS: Probably what he meant was to spend a little money for modernizing and speeding things up so that service would result.

MR. COVERT: Q. Will you turn to page 67, where there are some quotations from the evidence of Mr. Holman.

A. Are you going to skip the tourist industry?

Q. Yes. I do not think there are any questions I want to ask in respect to that.

Will you just turn to page 67, and to the three paragraphs quoted_ from Mr. Holman's evidence. Now, in the first paragraph he refers to a leading railway official. Do you know whether that was ever questioned, as to who that leading railway official was? Who made the statement there which reads:

"Prince Edward Island is lucky that the Canadian National carry automobiles across to Prince Edward Island."

Do you know who it was?

A. No, sir, I couldn't swear to it.

Q. Then, in the last paragraph in that quotation, it says -- he is quoting from a statement of Sir Henry Thornton, I take it, when he says "Sir Henry". That was Sir Henry Thornton, was it?

A. That is right.

Q. And he asks:

"What is your problem?"

And he says:

"In my opinion, it would be good policy for the Canadian National Railways to carry those automobiles across to Prince Edward Island free because it would bring such tourist traffic to the province it would increase the prosperity of the people. The railway would get its return, financial return, by catering to a prosperous community."

Now, I assume that you adopt the late Sir Henry Thornton's views on that?

A. Yes, sure.

Q. And has that proposition ever been taken up with the railways or with the Government?

(Page 5018 follows)

A. Oh, yes, but we never got very far with it.

Q. In your opinion would it be feasible to have free use of that ferry by cars? Wouldn't everybody be going on, and perhaps people who really wanted to get on from a business point of view might not be able to get on.

A. Well, I agree that in the early stages of that there might be a very heavy rush, by curiosity seekers and others. Our Prohibition Act was changed here recently, and for the first three months there was a terrific rush, but it has calmed down to normal since, and I think the same principle would apply on the car ferry. But there is no doubt in the world that our tourist business here is very severely handicapped by the present method of getting automobiles across the straits, on both services, Wood Islands-Cariboo as well as Borden-Tormentine.

MR. O'DONNELL: Q. Any who show up are taken over, aren't they?

A. Yes, Mr. O'Donnell, you are absolutely right, if they show up they are taken over, but I am glad you did not say when they were taken over. They are taken over some time after they arrive there, and I think Mr. Campbell outlined that situation very well in his speech yesterday morning, about the delays; and I might say that I have personal knowledge of a great many delays of that kind, and Mr. Campbell's statement was actually quite moderate in that connection.

MR. COVERT: Q. You have a tourist bureau operating on the Island, have you?

A. That is right, yes.

Q. Does the Tourist Bureau receive many complaints? Do you propose to give evidence of those complaints?

A. Well, perhaps I could give a little evidence on that.

Q. What I wanted to get was not general statements, but if there was some evidence of facts and figures as to the number of people?

A. You mean the dates?

Q. For instance, do people write your Tourist Bureau and say they have enjoyed their visit here but would not come again because they had to wait so long for ferries? Is there anything of that sort?

A. Well, there were letters in the files of the Tourist Bureau when I was working there; I was there for about seven years; they did not say they were not coming back; they said it was an awful headache getting here and getting away again, but it was better while they were on the Island, they enjoyed themselves. There were many such letters and many bitter complaints. It was not only the delay in the times of the boat leaving Cape Tormentine or leaving Borden, but it was the fact that there were no rest room facilities on either pier, and people had to wait there for three or four or five hours, on many, many occasions. There were no rest room facilities, they could not get anything to eat, and for that condition to exist at the entrance to a province, no matter how moderately sized we might be, we consider it a disgrace.

Q. Now, Mr. Rogers, you consider that from the point of view of tourist traffic it is a very serious matter?

A. It is.

Q. And would it not be a comparatively simple thing to take a period of two weeks or a month during the tourist season and show how many tourists missed boats?

A. It is pretty hard to tell how many missed the boat,

because they come down and they wait for an hour or two and drive out of line and go back away again, you see, and you would have to have somebody on the pier checking that all the time.

Q. Well, there are a great number waiting, and things like that?

A. Oh, yes.

Q. It seems to me, if it is a serious matter, you should be able to check and see how serious it is, and provide the Commission with definite evidence. I mean, after all, if it is a serious thing, and if there is a suggestion that there should be another ferry, I think there should be strong evidence, factual evidence, that the Commission should have.

A. We would be very glad to prepare a report of that kind and present it to you. In the meantime it would be very greatly appreciated if you would accept the fact, or the statement, rather, which we make in all sincerity, that the delays are extremely bad. I think possibly when the proof is presented that it will show up considerably worse than what we have expressed in words.

Q. Now, Mr. Rogers, would you just turn to page 71? It seems to me that one might draw an inference from the fact that you have made the two quotations at the top of page 71. You are quoting from Mr. Holman's evidence in the freight rate case; he seemed to be of the opinion that the railway perhaps was too revenue-minded and not traffic-minded; would you like to give your views on that?

A. Well, the whole point is this: as mentioned by Mr. Maynard Metcalf in conversation with me last year, the economic development of the country produces traffic for

the railways and the railways are intensely interested in the economic development of the country, and they should possibly do a little more than they are doing at the present time. Is that what you mean? -- or perhaps you could explain it.

Q. Yes, that is right.

MR. O'DONNELL: A little larger deficit.

MR. COVERT: Q. Then on the same page, in the quotation from Mr. Knowles, I just wanted to ask, do trucks have precedence over cars, freight cars?

A. No, except for the fact that I do happen to have personal knowledge of several truckloads of lobsters, of live lobsters I mean, that were taken on the car ferry in preference to putting some railroad freight cars on. The railway is very good in that respect; they try to get over the perishable goods if it is possible at all.

Q. What I wanted to find out was whether the railway co-operated in a case where there was perhaps a line-up of trucks that wanted to go on? Do they take off some of their freight cars?

A. The railway always co-operates in the case of perishable products.

Q. I assume that is what was meant. If they allowed an increased number of trucks to go on, then that means that fewer freight cars can go on, and then they pile up, and I suppose perhaps that is one of the reasons there are delays in the l.c.l. shipments?

A. And that is another reason why we must have another car ferry.

Q. If there is a truck waiting -- for instance, supposing it is the last trip of the day, do they always

take him on in preference to --

A. A railroad freight car?

Q. Yes.

A. I think they would if they knew he had a perishable product on, live lobsters or something like that. I feel quite confident they would. Right on that point -- I mentioned live lobsters -- I happen to have personal knowledge of a case of several truckloads of live lobsters shipped last summer by Mr. Lloyd Inman of Borden, and the boat was supposed to go back I believe at four-thirty, and it did not go back for several hours after that, and those live lobsters had to wait on the trucks out in the sun all that time, which is very dangerous for them. It is just one of the minor handicaps that we are up against in these unusual delays in the service.

MR. COVERT: Mr. Chairman, that brings me up to Part Two.

THE CHAIRMAN: Well, we are about to adjourn, but before we leave the ferry there is one thing that has been said several times, and I think it ought to be accounted for. That is, we are told that the ferry was reinforced so as to carry heavy buses and that the ramp was not, so that, while the ferry itself can do the work, it is useless because the load cannot be brought on it.

THE WITNESS: That is correct, sir.

MR. O'DONNELL: They go on the lower deck, my lord.

THE CHAIRMAN: Perhaps Mr. O'Donnell could look into that.

MR. O'DONNELL: Yes. My understanding is that they go on the lower deck.

THE CHAIRMAN: Well, for some reason the upper

deck was reinforced, we are told.

MR. O'DONNELL: That is for automobiles.

THE WITNESS: And trucks.

THE CHAIRMAN: But that it cannot be used because of the ramp.

Now, we are about to adjourn, and I wish to say this, that, as we cannot sit to-morrow afternoon later than four o'clock, we shall begin in the morning at ten o'clock, which will mean a three-hour sitting in the forenoon, but it is because of this obligation we are under to adjourn not later than four o'clock to-morrow afternoon. We will adjourn now.

---At 4:40 p.m. the Commission adjourned until Wednesday, July 27, at 10:00 a.m.

A.R.

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ON
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ACQUA

(Wallace L. Higgins, continued)

<u>EXHIBIT No.63:</u>	Filed by Mr.Covert. Statement July 25, 1949, signed by Mr.Higgins - showing examples of slow movement of freight from points within P.E.I.	5209
<u>EXHIBIT No.64:</u>	Filed by Mr.Covert. Statement dated July 25, 1949 - on behalf of Berg- man Construction Co.Montague, show- ing delay in l.c.l.shipments, with vouchers attached - - - - -	5209
<u>EXHIBIT No.65:</u>	Statement dated July 25, 1949, signed by Wallace L.Higgins, attach- ing waybill notices on salt from Malagash to Charlottetown.Filed by Mr.Covert - - - - -	5215
	Brief of West Point Ferries Limited - - - - -	5218
	PETER W. PATE - Called. Examined by Mr.MacPhee (re above brief) - - - - -	5238
<u>EXHIBIT No.66:</u>	Filed by Mr. Covert. Map of Maritime provinces - - - - -	5238
	Statement by Mr. Pate - - - - -	5238
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1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice" and "The Hon. Mr. Justice".

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THE ROYAL COMMISSION ON TRANSPORTATION

CHARLOTTETOWN, P.E.I.
WEDNESDAY, JULY 28th,
1949. 27

THE HONOURABLE W.F.A.TURGEON, K.C. LL.D.		Chairman
HAROLD ADAMS INNIS	-	Commissioner
HENRY FORBES ANGUS	-	Commissioner

- - - - -

G. R. Hunter, Secretary.	P. L. Belcourt, Asst. Secretary.
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ADDITIONAL APPEARANCES:

H. F. MacPhee, K.C.	Representing Associated Boards of Trade of P.E.I. and West Point Ferries Limited.
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MR. COVERT: Mr. Chairman, I think we left off yesterday with Mr. Rogers on the stand.

B. GRAHAM ROGERS, Recalled

EXAMINATION BY MR. COVERT (Continued)

Q Mr. Rogers, I ask you to turn to page 78 of your brief, and under the heading "Specific Solutions Recommended" you deal with a second car ferry. It would seem that this would be an opportune time to place on the record exactly what the recommendation of the province is with respect to the second car ferry. What I had in mind was whether the province had in mind a car ferry such as the Abegweit, or whether the recommendation really is for a ferry for cars, trucks and buses, not tied in with the railway. Can you give the Commission the benefit of your views on that?

A Our recommendation there is that we feel there should be another ice-breaking ferry. We wish to be reasonable about this matter, and we do not necessarily ask for an ice-breaking ferry equipped quite as elaborately as the Abegweit, but nevertheless, in view of the fact that the old boat is approximately thirty-three years old --

Q That is the Prince Edward Island?

A The old Prince Edward Island is approximately thirty-three years old, and age always takes its toll, and therefore we feel as a matter of safety to the province, as a matter of the permanent continuance of the freight traffic, particularly that applying to the Canadian National Railways, that another boat capable of going through ice

should be provided at the earliest possible moment.

Q Is the suggestion that it operate only during the summer and fall months or all year round the same as the present one?

A The suggestion is that the boat should operate throughout the summer months. The growth of traffic is such that we need a great many more trips than are made at the present time in order to handle the traffic. Furthermore we feel when those trips are made, and the people know that they can get over without undue delays and the suffering of great inconveniences to themselves personally, as well as the loss of valuable business time, that the traffic will grow. In other words, as the facilities are improved there is not any question in our minds whatsoever that the traffic will increase very very materially to the benefit of all concerned. We feel that when those facilities are there they should be used for the purpose for which they were intended, that is, to give adequate service to this province and to the mainland.

Q Does this include also that both of these ferries would then operate free of all charges to the public?

A You asked that question yesterday, sir.

Q Is that your suggestion?

A That is what we would like to see.

THE CHAIRMAN: Q. Pardon me a moment. Would the two of them operate the whole year round? Since they are both ice-breaking that must be your intention.

A At certain times it might be necessary for them

to operate all winter.

Q There seemed to be a complaint with you yesterday that you have only a one ferry service?

A Yes.

Q Except for several days in August and September. Do you want the two boats to operate the whole of the spring, summer and fall?

A That is right..

Q But as they are both ice-breakers you must intend that they should both operate in the winter?

A Yes, sir, but the basic idea back of that is that if anything happened to one of the boats and we did not have another powerful ice-breaker available we would be in a chaotic condition.

Q You want them to operate free of cost?

A We would prefer that.

Q Make it a free ferry?

A Exactly, possibly something like the canal system. You can use that as an example.

Q For instance, they have free ferries in the western provinces, but they are made free by action of the provincial government. You would have the same thing here by action of the dominion government?

A That is right.

MR. O'DONNELL: Q. You would not want the provincial government to do it?

A No, sir.

THE CHAIRMAN: What is that?

MR. O'DONNELL: I was asking him if he would want the provincial government to do it as in the other

provinces.

THE CHAIRMAN: There, of course, it is inside the province.

THE WITNESS: It would have to be the dominion government because they have complete control over inter-provincial waters.

MR. COVERT: Q. Mr. Rogers, would you turn to pages 80 and 81 of the brief. Your second recommendation deals with the operation of the car ferry service by the Department of Transport or by an independent commission.

THE CHAIRMAN: Where is that?

MR. COVERT: On page 80, the heading in the middle of the page.

Q In the last paragraph of this section you suggest that it should be operated as a public utility and in accordance with the contractual obligation of Canada it should be maintained and operated free of charge as a compensation for geography and as an interprovincial connection on the same basis as a national highway. Here you seem to link up the contractual obligation with the compensation for geography. I just want to find out if you felt that possibly there was not a contractual obligation and that you were then resting the basis of your claim, or your remedy rather, under P.C. 6033, that is, you say that you suffer from a geographic disadvantage and you need this to help the situation?

A I think the answer to that, if I interpret your question correctly, was given yesterday in that it is a contractual obligation between the dominion government and this province. Is that what you are driving at?

Q What I say is if it is not that are you saying that nevertheless it should be maintained and operated free of charge as a compensation for geography?

A I think the words "compensation for geography" are quite fully accepted in the sense that the Dominion Government has realized that by the fact that they have put this car ferry in operation. I do not think it is necessary to argue the legality of that any further.

Q On page 81 you deal with the zoning on Prince Edward Island. I wanted to ask you about this one point, and that is that since the basis of the argument seems to be that there is discrimination between the two zones, that rather than tie it to the lowest rate in the two zones, an average of the two or bringing the lower up to the higher, would eliminate discrimination?

A Yesterday that was --

Q I just wanted your views on it.

A Our views are that the outer zone should be on the same basis as the inner zone. This is a very small province, and one of our largest crops, potatoes, is sold on a delivered basis. Firms in the United States and in other parts of Canada become terribly confused when they get a wire offering a quotation from somebody in Hunter River, and somebody else in Miscouche, as was referred to yesterday, with as much as \$36 difference in the quotation. They say, "this is a small place. What is going on down there?" It is another matter of confusion, as well as discrimination. It tends to lose business.

Q At the bottom of page 81 and on page 82 you

deal with the Maritime Freight Rates Act. In the second complete paragraph on page 82 you say:

"The Province of Prince Edward Island submits that if additional revenues are required by the railways to meet rising costs, some other method of freight increases be sought, or some compensation for the discrimination be provided."

I want to deal with that part of it, "or some compensation for the discrimination be provided." It seems to me that the last paragraph of that section may be the compensation to which you are referring, where you say:

"For these reasons the government of Prince Edward Island urges that:-

(a) The benefits of the Maritime Freight Rates Act be extended to compensate for the horizontal increase in freight rates."

Is that correct; is that the compensation?

A That is a compensation.

Q And is (b), the other part of that recommendation, also compensation? Are those two the forms of compensation to which you refer?

A Yes, those two are the forms of compensation to which we refer in view of the fact that under the Maritime Freight Rates Act, in so far as this province is concerned, the bulk of the traffic is long haul, and therefore a horizontal increase --

Q I understand that. I want to deal with those two points. When you say in (a), "be extended to compensate for the horizontal increase", what do you mean by "extended"? You mean the 20 per cent reduction, that

the figure 20 be increased?

A Yes, for example, the figure 20 might possibly be increased to 30.

Q You do not mean an extension of the area. You mean the percentage should be increased?

A That is right.

Q Has the province any views as to how that increase in percentage should be calculated?

A Well, the province feels that by calling the problem to the attention of this Commission they may be able to arrive at some solution of it. The province does not wish to say in detail just how that compensation might be provided. Possibly it might or might not be required, that is, I mean to the railways. We don't know.

Q In item (b) of the same paragraph you say!

"In view of the fact that we have no manufactures to compete in Central Canadian markets, and that freight increases on the manufactured articles imported by rail from west of Levis and Diamond Junction further decrease the net returns to our primary producers, the benefit of the Maritime Freight Rates Act be extended to include eastbound traffic from points west of Levis and Diamond Junction....."

How far west of Levis does the province suggest that should apply?

A We would suggest to the manufacturing centres in Ontario that make such things as agricultural machinery, automobiles, trucks, tractors, fertilizers, fishing equipment and supplies, which are very essential to the

production of this province. They are basic, and these things are not made in the Maritime Provinces.

Q I understood from Mr. Campbell that the word "supplies" applied to fishing supplies?

A That is right.

Q Generally that list deals with agricultural machinery and fishing and farming supplies. That seems to be the general tenor of it. Do you say it should apply to all automobiles or just to automobiles that are used --

A No, we say it should apply to all automobiles because automobiles are an essential factor in doing business today.

MR. O'DONNELL: You need them to go to the races, too.

THE WITNESS: Thanks very much. We work so hard down here that you will pardon us if we do take an hour or so off occasionally.

MR. O'DONNELL: I understand that.

MR. COVERT: Q. There is just one other point in connection with that, and that is if there was an increase in the 20 per cent on the westbound do you think that should also apply eastbound on these items?

A I would much rather, and I feel quite confident that the province would much rather, that such a matter be argued in Ottawa at a later date by Mr. Matheson.

COMMISSIONER ANGUS: Q. Mr. Rogers, in the list of articles that you give, agricultural machinery, automobiles, trucks and so on, are you thinking of all the Maritime Provinces, or would you expect each to have its own list?

A Of course it is very difficult for us to speak for the other Maritime Provinces. We are speaking primarily for Prince Edward Island, but you might make note of the fact that the list that is given here are all articles which are not made, to the best of our knowledge, in any part of the Maritimes, so I would think in so far as this list was concerned they would be quite in agreement with us.

MR. COVERT: Q. Now, Mr. Rogers, I understand as to the part on page 82 dealing with rate structure, combination of rates, and routings, that is something you are leaving to Mr. Matheson?

A That is right.

Q On page 83 you deal with feed grain assistance, and my understanding is that the recommendation of the province is that this be made permanent also?

A That is right.

Q You know the background of the feed grain assistance order?

A Yes.

Q Was it not to encourage the production of food supplies for shipment to Great Britain during the war?

A That was the primary reason.

Q Do you not think --

A Could I explain --

Q --there should come a time when they should stand on their own feet, having received this encouragement?

A The reason why that act was put into effect was in order to help supply food for the people of Great Britain. It was recognized that we did need those grants

in the Maritime Provinces before the Act was actually put into effect, and so when a great emergency arose the Act came into effect. What was the balance of the question?

Q I wanted to know if you thought the time would not come when, having been encouraged by a measure of this kind, the industry could stand on its own feet and the encouragement cease.

A In the meantime we are asking that the Act be continued for at least a stated number of years so that during those years the livestock breeders could go ahead with some assurance that feed costs would not suddenly rise anywhere from 50 to 60 cents a bag, which is what would happen. Eventually that point may come about, and I have not any doubt in the world but that would be decided by agreement possibly between the provincial and dominion government, but in the meantime we do want some definite assurance that that Act will be maintained over a certain length of time. As it is at the present moment we do not know from day to day hardly when the Act will be cancelled.

THE CHAIRMAN: Mr. Covert, what was the situation here in respect to this sort of industry before?

MR. COVERT: That is just what I am coming to.

Q My understanding is that prior to the feed grain assistance order the farmers here did grow grain themselves.

A They did grow some but not enough.

Q But not enough, and they imported some from the

west?

A Yes.

Q Have you any idea what proportion?

A No, sir, I could not give you the figures on the proportion, but we will obtain them.

Q There was a substantial amount?

A It was substantial, especially in mixed feeds.

Q After the feed grain assistance order came into effect then was it the situation that the farmers have practically abandoned the growing of grain on Prince Edward Island?

A No.

Q Are they growing as much as they did before?

A Not quite, but you see hog production, for example, has increased tremendously since the Act came into effect. That was one good result of it.

Q Would you care to express any views as to whether or not the present method is the proper method of dealing with this? Should it perhaps be a direct subsidy to the industry rather than by means of the freight rates?

A I would not care to answer that question. I would rather have it argued out before the Commission at a later date.

THE CHAIRMAN: Is the assistance now wholly one of freight rate reduction, refund? What is the form of the present assistance under the Act?

MR. COVERT: The form of the present assistance, in my understanding, is that the farmer pays the rates, and if it is used for the purposes set out in the Order in

Council he makes an application for a refund. Is that correct?

THE WITNESS: Yes, or the dealer.

THE CHAIRMAN: The whole of the freight?

THE WITNESS: No.

MR. COVERT: Q. Would you tell the Commission?

A At the present time the assistance per ton is \$10.30. That is what is allowed us.

Q That is paid in Prince Edward Island?

A That is right.

Q It depends on the distance you are?

A Yes, if it was nearer Fort William, for instance, the assistance would be less.

Q The orders in Council are filed as Exhibits.

THE CHAIRMAN: Q. \$10.50 a ton?

A \$10.30.

MR. COVERT: Q. I do not think there is any point in my taking up Item G with you, Newfoundland trade. You have nothing to add to what has been said?

A Except that we are very anxious for a freight service from Prince Edward Island to Newfoundland. It would facilitate trade immensely.

Q Would you turn to page 84, the heading "Transportation problems within the province." In the third paragraph under that heading you deal with the delays in mail service. My understanding is that your recommendation is that the mail service should be carried out by motor transport, including buses?

A That is right.

Q Has that matter been taken up with the postal

department?

A Yes, sir, recently.

Q Recently?

A Yes. It was taken up first in 1945, and some difficulties arose between the Post Office Department and a bus operator by the name of Marvin Johnson at that time, and they did not go ahead with it. It was taken up again quite recently, and while this is not official information from the Post Office Department, the officials with whom the matter was discussed are very much in favour of it. There are examples for this in New Brunswick at the present time.

THE CHAIRMAN: Q. You say:

"The movement of tourist passenger traffic from Sackville to Prince Edward Island has been deplorably slow. Supplemental bus operations have tended to mitigate the inconveniences...."

The buses do not cross on the ferry?

A That is right.

Q It is supplemental on both sides?

A That is right.

(Page 5042 follows)

Q. I see, on page 84, that it says:

". . . but the lack of a Sunday train service from Sackville to Tormentine accentuates the problem."

Is there some specific recommendation you are making there?

A. The specific recommendation we are making there is that there should be additional bus service through on Sunday on which railway tickets would be honoured by the bus, the same as the single bus trip we have at the present time.

Q. And when you say "through"?

A. I mean, from Moncton or Sackville through to Summerside or to Charlottetown.

Q. And that would come across on the ferry?

A. It does not now, but we want it to come across. At the present time, on Sunday nights, passengers arriving at Sackville on the Ocean Limited or the Scotian can get off the train and step into a bus and come right through, presenting their railroad tickets, to the Island.

I am very familiar with that arrangement because I helped to negotiate the agreement between the railway and the bus operators at the time it went into effect; and I may say that it is working out very well.

THE CHAIRMAN: Q. Would the Lord's Day Act interfere with it? I just wondered.

A. Well, sir, that is a very difficult question to answer.

Q. You would have to look into it?

A. Yes, because the Lord's Day Act is pretty well flaunted in most cases.

Q. The Lord's Day Act does provide for transportation in continuous services, and so on; does it not?

MR. CAMPBELL: Works of necessity, my lord.

THE CHAIRMAN: Yes, works of necessity.

MR. COVERT: Q. On page 84, in the paragraph before the last, you say:

"The elimination of mixed trains and the co-ordination of bus schedules for the handling of passengers would result in considerable savings to the railways and at the same time enable a more expeditious movement of this traffic."

Just what have you in mind there?

A. What we have in mind there is that we are anxious for two things here in this province: first, that the railway service be maintained in the best possible way, particularly for the handling of freight; and secondly, we are just as anxious that our passengers receive treatment approximately as good as in the rest of Canada.

At the present time the mixed trains travel on very, very slow schedules. Their equipment could be considerably improved, and we feel that a number of those mixed trains here in the Island could, possibly, be removed, and the passenger end of it handled strictly by bus, which would then release to the railway their complete locomotive equipment on the Island for the handling of freight in a more efficient manner. We are offering this as a suggestion for study.

Q. I notice in the second paragraph on that same page that you say:

"The passenger and mail service is further slowed down by the operation of mixed trains.

From an economic point of view the railways are

justified, for, except during the winter months, passenger traffic is very light."

A. My answer to that, sir, is that we recognize the difficulties that the railway is up against in this province. I read into the evidence yesterday a letter from the Premier, whereby, during the period of stress in the recent war, we voluntarily agreed that what was set up as passenger trains -- that the railway could operate them as mixed trains because we realized the situation they were in in regard to locomotive power; and we feel that those mixed trains cannot be an economical proposition for the railway.

COMMISSIONER INNIS: Q. You would have no objection to the railways taking over bus services, or establishing them?

A. Yes, we might have some objection to them taking them over, or taking over control. But I am not in a position to answer that question. We feel that the Dominion Government set out a very, very fine principle in the matter of transportation, when they passed the order in council asking the Canadian Pacific Railway and the Canadian National Railways to co-operate; and at the same time, each one of those roads would maintain its own identity.

We feel that that principle, if it was good enough for the largest transportation operators in Canada, should be good enough to put into effect for a small province like this. It is a matter of close co-operation.

MR. O'DONNELL: I think that yesterday Dr. Innis asked if we could give the Commission some figures regarding passengers during the winter months. We took January,

1949, figures and put them on a table with the month of June, 1949, and the first twenty-four days in July, 1949.

It occurs to me that they might be put into the transcript at this point. You will notice that in the winter time they do not run any higher than in the summer. You will see that they are pretty low all the way round.

The table reads as follows:

AVERAGE NUMBER OF ALL REVENUE PASSENGERS CARRIED
(INCLUDING PASSENGERS TRAVELLING PART DISTANCE ONLY)
ON FOLLOWING TRAINS

<u>Leave</u>	<u>Train No.</u>		<u>Jan. 1949</u>	<u>June 1949</u>	<u>July 1-24 1949</u>
3.30 p.m.	53	Charlottetown to Tignish	51	60	50
2.30 p.m.	51-55	" to Souris	42	18	24
2.10 p.m.	41	" to Borden	Not running	5	14
7.00 a.m.	39	to Borden	84	44	84
3.15 p.m.	65-209	" to Murray Harbour	48	16	24
8.40 a.m.	301	" to Summerside	20	Not running	
7.00 a.m.	66-210	Murray Harbour to Charlottetown	49	20	22
7.30 a.m.	52-56	Souris to "	47	16	20
4.00 p.m.	40	Borden to "	68	55	77
8.45 p.m.	42	Borden to "	Not running	39	50
6.30 a.m.	54	Tignish to "	42	36	29
7.15 a.m.	206	Summerside to "	51	40	42
4.40 p.m.	302	Summerside to "	21	Not running	

THE WITNESS: Thank you, Mr. O'Donnell.

MR. COVERT: Q. In the third paragraph on page 85, you say:

"The Government of Prince Edward Island submits that this province presents a logical area for a complete co-ordination of all transportation agencies, and suggests that the Commission recommend the establishment of measures designed to ensure co-operative action by the various bodies concerned."

I suppose the reason why you suggest it is a logical area is because of its small size, and because it is an island, and you have all kinds of transportation, that is, coastal and railway; and you depend on buses and trucking on the Island. So you think those could all be co-ordinated?

A. We think that they could be co-ordinated. And I think the general feeling in this province is that the Island is a wonderful place for that type of co-ordination to be inaugurated.

Then, too, it might lead to savings, eventually, in other parts of Canada by the various transportation companies, so we are very strong on that point. Our distances are short, yet heavy equipment has to operate at a high overhead cost on those distances, and we feel that by co-operation between the various services they could all save money and the people would be served better.

Q. On that point, are you in a position to express the Government's attitude as to the regulation of trucking, for example?

A. I am not in a position to speak for the Government as a whole in regard to definite matters of policy.

But, as explained in previous evidence, and according to what is outlined in this brief, we feel that --

Q. What I have in mind is to find out whether the province -- when you talk about co-ordination -- would the province be prepared to say that, as far as trucking is concerned, we would not hand that over for supervision under a body such as the Board of Transport Commissioners, which would fix rates and so on. So what are the provincial views with respect to that?

A. We feel that that should be controlled by the province itself under our Motor Carrier Board.

THE CHAIRMAN: Q. Under what?

A. Under our Motor Carrier Board.

Q. You have such a board?

A. We have a Motor Carrier Board.

Q. Does it fix rates?

A. No, it does not fix rates. Its powers would have to be enlarged to do so, but I have no doubt they would be, after the matter was fully explored.

MR. COVERT: Q. Do you think that trucking rates should be set by a board such as the Motor Carrier Board?

A. Yes. Personally, I believe that trucking rates should be controlled by the Board, for the benefit of all concerned.

THE CHAIRMAN: Have we the Act and the Regulations?

THE SECRETARY: We have them in Ottawa, Mr.

Chairman.

THE CHAIRMAN: We have them, then.

MR. COVERT: Q. I take it that your idea is that each form of transportation should be allocated to

the service which it can best perform; is that it?

A. Exactly, sir; that is right. And that they should all be co-ordinated. At the present time it looks like a useless waste of money, the way the individual services are run.

Q. And where you deal with the trans-Canada highway, there are two phases to that. First, you refer to the route through Maine to Montreal. That is outside the province. But has the province views as to where this trans-Canada highway should be situated inside Prince Edward Island itself?

A. In Prince Edward Island?

Q. Yes.

A. We feel it should run from one end of the province to the other, connecting Borden-Tormentine route with the Cariboo route, and y' with the proposed Buctouche route, connecting all three.

Q. So you would have, in effect, a road from east to west?

A. That is right.

Q. Running right through the middle of the province?

A. I would judge so.

Q. With connections to the boat to Tormentine?

A. That is the general principle.

Q. And then, when you suggest that the Trans-Canada highway should go through Maine to Montreal, what do you think the Province of New Brunswick would think of that?

A. Of course, we cannot say what the province of New Brunswick would think.

Q. Wasn't the original idea of the trans-Canada

highway that it should be a highway which would enable people in Canada to go from one end of the country to the other without going through the United States?

A. Yes, sir, that is right.

Q. But wouldn't this be exactly the opposite?

A. It would appear so, on the surface. But no matter if this suggestion was carried out, a good proportion of the trans-Canada highway could still go through the Province of New Brunswick.

Then there was another idea in suggesting it, the thought or idea there of it being a matter of national defence.

MR. O'DONNELL: National defence going through Maine? I suppose, to defend the United States?

THE CHAIRMAN: And what about the province of Quebec?

MR. COVERT: Q. Yes; what about the Province of Quebec, as the Chairman suggests?

A. Oh, yes, we threw it out as a suggestion which we feel is worth investigating.

Q. There is one question I meant to take up with you before. Do you think the province would be willing to give up its control over trucks and buses and so on, if that would improve co-ordination of the services?

A. We would have to be shown that pretty definitely, in the light of our past experience with transportation.

Q. But if you were shown it -- perhaps I should not ask you because you, perhaps, cannot answer that question.

Now, on page 86, when you deal with this question of dust, you say:

"With more miles of road per capita and a lower per capita income than others, we will always have dust unless we get assistance."

Now, does that just refer to the trans-Canada highway?

A. Yes.

Q. You are not suggesting that the Federal Government ---

A. No, we are not suggesting that the Federal Government look after that. That is put in there to show that we have that difficulty to contend with along with, incidentally, a great many others. And it is coupled too with the fact that the Province itself is not financially able to construct all the paved roads that we would like to have.

Q. And the last two points, on pages 86 and 87, I understand there will be someone who will deal with the West Point-Buctouche Ferry?

A. That is right.

Q. So there is no use my asking you further about that?

A. Except that we believe it would be a good thing.

Q. And the same, I suppose, with respect to the Chignecto Canal?

A. That is right.

Q. One point about the West Point ferry; do you feel that the West Point-Buctouche ferry should also be inaugurated, if, for example, a second ferry were put into service at Borden-Tormentine? Would that not relieve the situation there, so that the other ferry would not be necessary?

A. No, sir. We feel that the West Point ferry should be established just the same, and I think I showed in evidence yesterday that through the establishment of the Wood Island-Cariboo ferry, the business and economy in that area has improved.

Q. You are suggesting that there should be three outlets, one in the east, one in the west and one in the centre?

A. That is right.

Q. Do you think that the West Point-Buctouche ferry would be a commercial proposition?

A. Surely; that is why it would be established as a commercial proposition, to help the economy.

Q. Do you think it would be an all-year round proposition?

A. No.

Q. I was going to ask you if you felt it would also assist in the tourist trade?

A. Oh, undoubtedly it would assist in the tourist trade; there is no question about that.

MR. COVERT: Those are all the questions I have to ask, Mr. Chairman. I have discussed the matter of having Mr. Rogers stand down in order to enable us to complete the balance of the briefs. Then Mr. Rogers would be subject to cross-examination by counsel for the railways and the provinces in Ottawa. My understanding from Mr. Campbell is that Mr. Rogers will be available in Ottawa.

I make the suggestion because it looks as though we would be pressed for time at these sittings.

THE CHAIRMAN: Yes. So we are through with Mr. Rogers as far as these sittings are concerned?

MR. COVERT: Yes.

THE CHAIRMAN: Well, then, we thank you, Mr. Rogers.

THE WITNESS: And I thank you, too. sir.

THE CHAIRMAN: What is the next item, Mr. Covert?

MR. COVERT: I believe the province has one witness in connection with the Wood Island ferry, Mr. Mutch.

THE CHAIRMAN: What page of the book would this be?

MR. COVERT: That is at page 66.

THE CHAIRMAN: What is the name of the next witness?

MR. COVERT: Mr. R. E. Mutch.

R. E. MUTCH, called

EXAMINATION BY MR. CAMPBELL

Q. You are Mr. R. E. Mutch?

A. Yes.

Q. What is your connection with the Northumberland Ferry?

A. President.

Q. You are president of the Northumberland Ferry Limited, and that is the company which operates the ferry between Wood Island and Cariboo in Nova Scotia?

A. Yes.

Q. Now, I believe you have prepared two written statements, in order to shorten the matter; and one of them is in connection with freight rates generally, and the

other is in connection with the Northumberland Ferry?

A. Yes.

Q. Would you be good enough to read them?

A. I will take up the shorter one first, dealing with freight rates.

MR. O'DONNELL: We haven't got anything on that, have we?

THE CHAIRMAN: Are there two written statements?

THE WITNESS: Yes, sir.

THE CHAIRMAN: But I have only one, so far.

MR. CAMPBELL: We only received the other one this morning, Mr. Chairman, and we have not had it typed yet.

MR. O'DONNELL: My understanding was that we would have these a week in advance, so that we could get the information required, in order to ask questions concerning them. It is rather difficult to do that.

THE CHAIRMAN: Perhaps you could frame your questions and have them answered later.

MR. COVERT: Yes. Perhaps, Mr. Campbell, you could tell us whether or not there is anything new in these? But I suppose we will hear.

MR. CAMPBELL: No, there is nothing new in the first one. I have seen it before. But the other one, I only saw this morning for the first time.

THE CHAIRMAN: We had better get on with the first one, subject to these reservations.

THE WITNESS: So far as come to my attention, the statements presented to you regarding freight rates, have been in general terms, and I wish to present some

I am writing you this morning from the
city of New York.

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actual figures that I trust will help to impress you with the situation, from the standpoint of a Prince Edward Islander.

Many illustrations might be given, but I trust the one selected will be sufficient to give you the position of the Prince Edward Island producer, whose product must be moved long distances, and is thereby deprived of any advantage of competitive rates, such as are enjoyed by communities within trucking radius of the larger centres.

Prince Edward Island produces an excellent type of table turnips. Many reasons might be advanced for the quality, but this does not concern you. It is sufficient to say that our turnips find a ready market in the larger United States centres.

We enjoy a so-called competitive water rate with Boston and New York, and turnips destined for nearby centres, therefore find their way into these points, and are frequently delivered by truck to the nearby towns and cities.

Shipments to these centres, are practically all by rail, and the rate to Boston is sixty-one cents per hundred pounds, and to New York, seventy cents per hundred pounds, plus a 6% surcharge in each case.

In addition to the freight charge, there is a heater charge of \$17.42, or an icing charge of \$38.00.

The turnips are loaded in bags of fifty pounds, net weight, and the minimum weight is forty thousand pounds.

A car of one thousand bags, fifty thousand five

hundred pounds, must pay a freight charge of \$374.71, plus icing or heating. Thus a car for New York, shipped with ice, will cost \$412.71.

The farmer who provided the land, the seed, and the fertilizer, and the help to prepare the acreage, planted, cultivated, harvested and stored, and then sorted and bagged the carload of one thousand bags, received as his reward last season, \$250.00. This was all that was left available to him, after the loader who transferred the shipment from the farmer's yard and placed it in the car at the station, collected his charge of \$50.00.

I would respectfully suggest, that your Commission give some thought to what this carload of turnips would have cost, had they been produced under the system employed by the railway, and how unfair is the division of the receipts from the car, when the grower gets \$250.00 and the railway \$412.71.

The situation is this: Ontario turnips can be delivered to New York by truck or by rail at a set rate, as they have the market for those commodities, but our product must pay the rate quoted above, and the railways can use the handsome profit made in carrying a trainload of our product to wipe out a part of the loss resulting from the reduced rates made available to the Ontario grower.

A percentage increase in rates, will immediately be reflected in higher rates from Prince Edward Island, because there is no alternative, while the Ontario rates would probably remain at the present level, or might

be further reduced, if the trucking companies find railway competition interfering with their business.

I am confident that the long haul business, is a profitable one for the railways, and that the need for increased revenue is the result of their attempt to retain, by quoting competitive rates, the business that probably belongs to the truck.

THE CHAIRMAN: Q. You mean "probably", or "properly"?

A. "Properly". I dictated this, but, to tell you the truth I didn't have the time to read it over.

The continued operation of cumbersome local trains, moving slowly backward and forward over territory that could better be served by the truck, and quoting competitive rates, and using present day equipment, is resulting in heavy financial loss, and at the same time, serving no very good purpose.

If the present cumbersome equipment, manned by full train crews, was replaced by light equipment of the jitney type, that could handle passengers and express with dispatch corresponding to that provided by the bus lines and trucking companies, costs would be reduced, and a better service provided, and even though the railways were unable to compete, the losses would be reduced and the long haul traffic be relieved of the demand for extra rates, now being sought.

MR. COVERT: Q. In the fifth paragraph from the beginning, you say:

"Shipments to these centres are practically all

by rail, and the rate to Boston is 61¢ per hundred pounds, and to New York, 70¢ per hundred pounds, plus a 6% surcharge in each case."

Now that, I suppose, is a joint international rate; that is a rate fixed, presumably, by the Interstate Commerce Commission. Is that correct, do you know?

A. I presume so, yes.

MR. SINCLAIR: The Interstate Commerce Commission does not fix international rates.

MR. COVERT: They fix the rate on the American side; is that correct? And it is a fact that that rate is fixed by them, and that makes the 6% surcharge; is that correct?

THE WITNESS: I am not prepared to state who fixes the rate. All I know is what the rate is.

MR. COVERT: Q. I was trying to find out whether or not you knew whether this rate was, by virtue of action of the Canadian National Railways, or by action of the United States railways; do you know that?

A. Frankly, I am not very much concerned. That is the rate which has to be paid; and I am thinking of the Prince Edward Island grower.

THE CHAIRMAN: How is the surcharge explained?

MR. COVERT: My understanding is that that is because of Ex Parte 168, that case which was before the Interstate Commerce Commission.

THE CHAIRMAN: No. But is it a surcharge on the commodities?

MR. SINCLAIR: No; it is a temporary, an interim increase.

THE CHAIRMAN: You say a temporary increase?

MR. SINCLAIR: That is right, Mr. Chairman; a temporary increase until the Board's final decision comes down. It is expected at any time now.

THE CHAIRMAN: A temporary increase imposed by whom?

MR. SINCLAIR: By the Interstate Commerce Commission, until they bring down their final decision, which is expected at any time.

THE CHAIRMAN: There was an application before them for an increase?

MR. SINCLAIR: That is right.

THE CHAIRMAN: And while they are considering that application, they granted this 6%?

MR. O'DONNELL: They granted two increases, and this 6% increase is a third one, by way of temporary relief until they finally decide on what the rates should ultimately be.

You will remember that we referred to it the day before yesterday when we spoke of the carload rates on potatoes from Charlottetown to Toronto and from Charlottetown to Neward and to Norfolk, and we mentioned these increases and gave the tariff numbers and so on.

THE CHAIRMAN: Very well.

(Page 5067 follows)

COMMISSIONER ANGUS: Is it 6% of the whole rate or of the American portion of the rate?

MR. COVERT: My understanding, Mr. Chairman, is that the Board of Transport Commissioners has approved the increase in this part of the country.

MR. SINCLAIR: I think the explanation of this, Mr. Commissioner, is that these routes that handle this traffic over the international boundary require co-operation between the American carriers and the Canadian carriers, and unless the increase that has been given to American carriers is translated into the through rate the American carriers will take out these routes, or otherwise they will take the full increase themselves and no benefit will accrue to the Canadian carriers at all; so that actually through co-operation the Board of Transport Commissioners has recognized the situation and applied it.

THE CHAIRMAN: So the 6% surcharge is applicable in Canada as well as the United States?

MR. SINCLAIR: Well, it is not quite as simple as that, Mr. Chairman. As I understand it, you can take a combination of the locals on and off the border, and the through rate will generally make lower; but, as has happened, on account of certain very material increases in the United States, the combination of the locals, on account of the depressed condition of Canadian rates, with the very large increase in the United States rates, makes a combination of locals lower than the through rates with the percentage increase.

THE CHAIRMAN: That is what the I.C.C. said they would consider as prima facie evidence of unreasonableness.

MR. SINCLAIR: Quite so, in the Carstens Packing

case, and that is why some of the traffic is moving on combination of locals, but this one must make lower.

MR. COVERT: My understanding is that the Board of Transportation Commissioners has by special order approved this 6% increase.

THE CHAIRMAN: So it runs all the way through from the starting point in Canada to the arriving point in the United States.

MR. O'DONNELL: And vice versa.

MR. SINCLAIR: I think maybe it would clear it up, Mr. Covert, if you said the 6% was on the charges, not on the rate -- the percentages given on the transportation charges.

THE CHAIRMAN: What do you mean by charges?

MR. SINCLAIR: Well, you take the charge of moving the traffic from A to B and they increase the charge by 6%.

THE CHAIRMAN: Not the rate? Including the rate?

MR. SINCLAIR: Yes.

THE WITNESSES: I don't know that it is material; I don't think the 6% applies on the heating and icing charges.

THE CHAIRMAN: Well, you say it does.

MR. SINCLAIR: It is one of these generalizations, Mr. Chairman. All these things were looked upon. They gave certain increases on these ancillary charges. I am instructed that the 6% applied on the transportation charges in this particular case.

THE CHAIRMAN: Well, we will find out.

MR. COVERT: Q. Now, Mr. Mutch, is there a Canadian market for these turnips, for the Prince Edward Island turnips?

A No, I think not, not sufficient to take care of our crop.

Q. Have you compared the rates to say Montreal and Toronto in comparison with the rates to Boston and New York?

A. I have not got them before me.

Q. Your point is that the American market is your market

A. It is our principal market.

Q. And you just say that the rates are high and that something must be done about it, and it seems to me that the suggestion which you offer to the Commission is the business of putting in lighter equipment -- is that correct -- instead of cumbersome --

A. That has nothing to do with the turnip rate.

Q. Oh, I thought perhaps that was one of the things that you were suggesting that might enable the railways to operate more profitably and thus reduce rates?

A. They might reduce rates by eliminating some of the loss they are making on the type of service they are providing.

COMMISSIONER ANGUS: Q. Is it your suggestion, then, that they should forego the traffic from Ontario?

A. Beg pardon?

Q. Is it your suggestion that the railways should forego the traffic from Ontario?

A. Well, there should be some protection given to Prince Edward Island. I don't know how you will work it out. I am not capable of suggesting a remedy, but I am giving you the facts as to what the railway gets out of a car of turnips that is produced in this province.

MR. COVERT: Q. I think, Mr. Mutch, the
out
Commissioner's question arose /of the statement in the third

paragraph from the last of your letter:

"I am confident that the Long Haul business, is a profitable one for the railways, and that the need for increased revenue is the result of their attempt to retain, by quoting competitive rates, the business that properly belongs to the truck."

And you are suggesting that railways are taking business which is expensive; is that it?

A. And on which they are making a loss.

Q. And on which they are making a loss?

A. Yes.

Q. Now, is that a theory, or have you anything to substantiate that for the benefit of the Commission?

A. Well, I have not prepared anything in written form, but I know of very many cases that I know must result in a loss.

Q. Could you give the Commission an example of one of those, Mr. Mutch?

A. Yes. When a truck, a railway truck, with a driver and a helper drives to our office to pick up a fifty or seventy-five-cent parcel to be delivered at the other end of the province or some place within the Maritimes, that is a definite loss; it must represent a loss. They quote a price delivered on that parcel that is in competition with the truck, and they try to hold that business. They will drive to our place, two men, to pick up a fifty or seventy-five-cent parcel; if there is a parcel for somewhere outside the trucking zone they won't touch it.

Q. Is that what is known as the pick-up and delivery

service that you are referring to?

A. Yes; and the pick-up and delivery service to my mind is simply an attempt to hold business that properly belongs to the trucker.

Q. And you think that should be abandoned by the railway?

A. I am not saying it should be abandoned, but I am saying that that is where the loss is being made, and I would like to see the Commission investigate and ask the railways to provide a statement of the cost of moving that car of turnips or a trainload of turnips as they go out from here to New York, and to show that they need an advance in the present rates to let them break even on that traffic.

MR. SINCLAIR: Break even? Why shouldn't we make a profit?

MR. O'DONNELL: Not supposed to do that.

THE WITNESS: If you are making a profit now you don't need an increase.

MR. SINCLAIR: You said "break even".

THE WITNESS: And I might go futher and say that the railway has already made an earning on that car of turnips by transferring the seed, the fertilizer and the bags. I have not brought the picture of the bags into this at all. It takes a thousand bags, on which the railway has already collected a revenue -- the fertilizer and the seed again.

CROSS-EXAMINED BY MR. O'DONNELL:

Q. And they hauled the freight in doing that and earned the charge, did they not?

A. Surely.

Q. Just as your ferry boat when it takes a passenger

across gets paid?

A. Yes.

Q. If the passenger goes across ten times you collect ten times?

A. I am pointing out that the farmer has nothing but the \$250. The railway already has \$412 plus what they have made on the other.

Q. But the railway has done the work in each instance?

A. Yes.

Q. And there is a fair and just and reasonable rate fixed under control of the Board of Transport Commissioners for the service as rendered in each case, is there not?

A. I would not say yes.

Q. You mean you don't know?

A. Well, I don't think it is fair.

Q. I know, you may not think it is fair, but you will agree, will you not, that railway rates are under control of the Board of Transport Commissioners?

A. Yes.

Q. And ^{if} they fix the just and reasonable rate, that is the rate the railway is entitled to have?

A. The railways will argue that --

Q. Mr. Mutch, you will agree with me on that?

A. Yes.

Q. Now you would like to say something?

A. The railways will argue and do argue, and maintain their stand, that the rates quoted here are not the proper rates, because the same mileage to points other than New York or Boston will take a higher rate than that again, and we are prevented from shipping there at all by reason of the rates.

Q. You say that there is a so-called water competitive rate to Boston and New York; why do you say so-called?

A. Well, that is the reason that we have it. I don't know that there is any --

Q. Are you complaining of that rate?

A. No.

Q. You like that rate?

A. I like the rate, but I do not think it is low enough .

Q. But it is a rate that is put in presumably to meet water competition, and you would expect the railways to carry for less than the water carrier?

A. If they can do so.

Q. But if the water carrier cannot do it any more cheaply than it is being done, do you suggest the railway should go below the water carrier? Is that your idea of meeting competition?

A. I don't just follow you.

Q. Well, the railway rate if it were not for the water competition would be higher still, would it not, as fixed by the Board of Transport Commissioners?

A. As a matter of fact, I do not think there is any water competition.

THE CHAIRMAN: Q. That is the starting point; are there any water carriers?

A. I do not think there are.

MR. O'DONNELL: Q. Then, if there are no water carriers, the rate should be eliminated, should it not?

A. No, but I think if the railways can make, as they are making, a good profit on hauling the turnips to New York at that rate, they should stop them at some point between

here and New York at the same rate, which they will not do.

Q. Have you looked into the profit that you say the railway is making on that trip to New York?

A. No, but I can figure up pretty well what a train-load of turnips will take.

Q. But you do not know what the profit or loss is on that, really?

A. No. I would like the Commission to ascertain that.

Q. Yes, all right. And you have not, I take it from what you told my friend Mr. Covert, looked into the details of the construction of the rates of 61¢ to Boston and 71¢ to New York?

A. 70.

Q. 70, excuse me, to New York. You do not know why the 6% that you referred to is there?

A. I know pretty well why it is there, but I --

Q. Well, why is it there, then?

A. Well, I presume, as you have already said, that it is to adjust the carrying charges with the American rates.

Q. That is right; and the Interstate Commerce Commission having found that to be a fair charge, it was put into the tariffs. You would be willing, I assume, to agree that the Interstate Commerce Commission might be right in that case?

A. They may not have given very much thought to it.

Q. I see. Well, now, you say, Mr. Mutch, that you pay the loader \$50; that is his charge for picking the turnips up from the farmer's yard and taking them to the station?

A. And making the sale. The loader is the man -- that includes his commission.

Q. He is the commission broker as well?

A. Yes.

Q. Now, do you know how much he pays for the trucking of the turnips from the farmer's yard to the railway station?

A. Well, I think a good many of them own their own trucks.

Q. The trip to the railway station is relatively short?

A. Well, it depends on the location of the farm.

Q. And the railway company carries the turnips then 700 miles roughly to Boston, or 900 miles to New York, for the charge that you have set out in your memorandum?

A. Yes.

Q. Now, what is the value of a car of turnips upon which the freight is \$374?

A. Well, you add the figures together and add \$170 for bags, and you have got them.

Q. Well, you know?

A. I have not added it up.

Q. You have not given the entire breakdown, have you?

A. Well, I thought it would only confuse the thing to bring the question of bags into it.

Q. Loaded on the car what would the cost of the turnips be?

A. \$470, including the bags.

Q. And the grower nets \$250 on a car of turnips at present prices?

A. Well, there is no movement at the present time. That was last year's.

Q. What was the price? Turnips are sold by the 100 pounds or by the bag?

A. 50-pound bags.

Q. 50-pound bags; what were the prices prevailing last year?

A. Well, that was the price, 25 cents a bag.

THE CHAIRMAN: Prices where?

MR. O'DONNELL: Here.

THE WITNESS: 25 cents a bag.

MR. O'DONNELL: Q. 25 cents a bag; and what were they say in 1938, roughly?

A. I am not prepared to answer that.

Q. Considerably lower?

A. Well, the price varies sometimes from month to month and from week to week.

THE CHAIRMAN: Pardon me; what price are you talking about? Price to whom?

MR. O'DONNELL: The comparable price in 1938.

THE CHAIRMAN: But whose price?

MR. O'DONNELL: The price to the farmer I understand is what we are speaking of.

Q. The price to the farmer last year was 25 cents a bag; what was the price to the farmer in 1938?

A. I cannot answer as to 1938; my memory is not good enough to go back there.

Q. We can agree that it was considerably lower, in any event?

(No answer)

THE CHAIRMAN: This is the price paid by the commission man or whoever purchases from the farmer.

MR. O'DONNELL: Yes.

THE WITNESS: I am just dealing with last winter's movement.

THE CHAIRMAN: Q. Pardon me a moment. This

shipping, dealing with railways, and so on, is not done by the farmer himself; it is done by whoever buys it from him?

A. That is the loading, yes. The commission man or the dealer who makes the deal, he delivers the bags to the farmer, the farmer fills them, his truck picks them up and hauls them to the station.

Q. And the farmer is through with it then?

A. The farmer is through with it then.

Q. He is through with the transaction as soon as he gets his 25 cents a bag?

A. As soon as he delivers the bags to the truck.

Q. The bags are furnished by somebody else?

A. Yes.

Q. The price which is paid to the farmer is based upon the cost to the purchaser from the farmer?

A. And that in turn is the price he is able to get in New York. New York is where most of our turnips go.

MR. O'DONNELL: Q. The farmer having sold the turnips to the loader, the loader in turn sells them to somebody else?

A. Well, he represents the shipper.

Q. And who is the shipper?

A. It might be any of a number of different firms.

Q. Well, the loader takes \$50 as it goes through his hands?

A. Yes.

Q. Then the shipper gets how much for --

THE CHAIRMAN: Pardon me; \$50 a carload?

MR. O'DONNELL: Yes, my lord, as I understand it.

Q. Then the shipper gets how much?

A. Rather, it is 5 cents a bag; if it were an 800-bag car it would be \$40.

Q. Well, I was taking the figure you say there of \$50.

A. That represents a half --

Q. Just staying with that same transaction, then the next man in line is the shipper; does he buy the turnips from the loader? He buys from the loader?

A. Yes.

Q. Is the loader's charge \$50 only, or does he make an additional profit before he sells to the shipper?

A. Well, I am not a loader, but that is supposedly his commission, and I think that is so.

Q. What is the shipper's mark-up?

A. I cannot tell you that.

Q. Whom does he sell to?

A. Wherever he can find a market.

Q. To a wholesaler?

A. Yes, I would judge so.

Q. Well, you have no idea, Mr. Mutch, what percentage the shipper takes on turning it over to the wholesaler?

A. Well, I know many of them that have taken a serious loss.

Q. And you know many of them who have made a substantial profit, possibly?

A. Well, I suppose if they did not they would not continue in the business.

Q. But you cannot tell the Commission what percentage is taken by the shipper. Have you any idea what the wholesaler's mark-up is?

A. No.

Q. On selling it to the retailer?

A. No, none.

Q. Are you in the vegetable business in any way?

A. I was for a good many years.

Q. Well, as a man with experience in that business, what would you say the usual wholesaler's mark-up would be on sales to retailers?

A. A good many of the turnips go there on consignment, I think, or they used to. They are trying to get away from that. The mark-up is uncertain.

Q. That is right, I can understand that, in many cases; but, from your own experience, what would the mark-up of the wholesaler, the wholesale vegetable dealer, be that he would usually expect?

A. Oh, I would not have any idea.

Q. Well, would it be 35 or 40%?

A. No.

Q. 25%?

A. It is no use to ask me, because I cannot answer you.

Q. I see; although you were in that business once yourself?

A. I was at one time, but not now.

Q. How much were you getting? That is what I want to know.

A. Oh, that is ancient history; that has no bearing on this case at all.

Q. Well, we will agree that it was substantial enough for you to continue in the business as long as you did?

A. It was low enough for me to get out of it.

Q. When you found some other more profitable business, you went into that, such as the ferry business, for instance?

A. No, I did not.

Q. Are you interested in any trucking companies?

A. No, sir.

Q. You have nothing to do with trucking?

A. No.

Q. Or bus companies?

A. No.

Q. And you suggest that the railways should abandon this pick-up and delivery service that is given by them to the people in Charlottetown, for instance?

A. I think that it is an expense that the railway is incurring without serving any very good purpose.

Q. Well, do you suggest that the trucker can do it any more cheaply than the railways?

A. I certainly do.

Q. Why? Why is it any cheaper for a trucker's truck to go to the door than it is for the railway's truck to go to the door to pick up the packages?

A. Well, to start with, the merchant, the country merchant, who would send his order to Charlottetown by the railway might expect the letter to reach the wholesaler some time after the lapse of anywhere from one to three days. The railway then would carry the goods, pick it up at the wholesale dealer's and take it to the railway and put it in the car, and if the dealer at the other end got his goods within a week he would be lucky.

Q. But I am not speaking of that aspect of it; I am asking you merely, Mr. Mutch, why you suggest that it is cheaper for a trucker to send a truck to the door than it is

for the railway to do the same thing?

A. The trucker does not do the same thing. The truck starts from the east end of the province and he calls on his connections as he comes in. He brings the order with him, and the goods are delivered to him by truck before the letter that the dealer would write would ever reach him. Therefore there is no competition at all.

Q. If the dealer wrote a letter to the trucker it would not get there any quicker than it would to the railway?

A. Yes, it would. He gives it to the truck man, the truck man brings it to our establishment, and within an hour he is on the way back with the goods.

Q. That is, because he communicated with him by telephone or something like that?

A. No, not necessarily by telephone. He brings --

Q. In any event, do you suggest that we should abandon this pick-up and delivery service? That is all I am interested in.

A. Well, you ought to be able to decide that for yourselves.

Q. Well, I think we can, but I was just wondering whether that was the tenor of your suggestion?

A. I do not think it is my place to tell you what to do.

Q. Thank you very much.

COMMISSIONER INNIS: Q. You were mentioning the question of the cost of the carriage of turnips from Prince Edward Island, and you were suggesting that the Commission might investigate the cost of carrying the turnips?

A. Yes.

Q. You would not agree, then, with the brief of the

Prince Edward Island Government where it says, at page 95: "Not even God Almighty knows exactly what it costs to haul a given commodity a given distance."?

A. Well, perhaps that is because the railways are not able to answer the question.

Q. I mean, you would rather put it on the shoulders of the railways than on the Commission? I mean, we do not want to be confused with the Trinity.

A. No, but I feel that the railways should be able to give you definite figures as to the cost of moving a train-load of turnips from Prince Edward Island to New York?

Q. Then you disagree with the brief?

A. Not necessarily. I have not seen that paragraph in the brief; if you would read it to me again I will answer it.

Q. "Nobody, to be sure, knows exactly what railroad costs are. 'Not even God Almighty', insisted the late Professor Arthur Twining Hadley of Yale, 'knows exactly what it costs to haul a given commodity a given distance'."

A. Because the railway is either concealing it or do not know it themselves.

Q. Even God Almighty could not --

A. Could not get it out of them.

CROSS-EXAMINED BY MR. SINCLAIR:

Q. Mr. Mutch, you are a barrister and a business man?

A. No, sir, I am not a barrister.

Q. I thought it was Mr. Mutch, K.C. You promoted him, did you, Mr. Covert?

A. It is the first time I have been accused of that.

Q. You did not consider it an honour? The answer is no?

(No answer)

Q. Is R. E. Mutch and Company Limited a wholesale grocery firm? Is it a public company?

A. What do you mean by that?

Q. Well, you have an annual report?

A. Yes.

Q. That you give to your shareholders?

A. Yes.

Q. Would you mind filing a copy of it with the Commission for the last five years?

A. No, I am not prepared to do that.

Q. You would not be prepared to do that. Would you be prepared to tell the Commission --

A. They can get it, though, from the Income Tax Office if they want it.

Q. Why wouldn't you be prepared to file it?

A. Well, I am not.

Q. Would you tell us what your profit was?

A. No.

Q. What about Northumberland Ferries Limited? Is that a public company?

A. Yes.

Q. Would you tell us what the profit was on that?

A. I will deal with that when I come to it.

Q. Now, do you think, Mr. Mutch, that private companies are entitled to return a reasonable profit on their investment?

A. Yes, if they handle things properly.

Q. What would you consider would be a reasonable profit?

A. It would depend on circumstances, I suppose.

Q. Would 10% be a reasonable profit?

A. Well, we do not generally succeed in getting that much.

Q. You try?

A. We try.

Q. You would think 5% would be a very low profit, wouldn't you? Answer yes?

A. Yes, I suppose it would be.

Q. Would you be surprised to know that the Canadian Pacific's return on investment in 1948 was only 1.8%?

A. I have studied their statement.

Q. Do you think that co-ordination of highway and rail transportation would benefit shippers and consumers?

A. Under certain circumstances, it might.

Q. Do you think that trucks should bear their full share of the cost of construction and maintenance of highways?

A. I would judge that would be a reasonable thing to expect from them.

Q. And so if they had to strengthen a bridge to enable trucks to run over it, the full cost of the strengthening and the maintenance of that should be applied to the trucks that use it; is that correct?

A. There is other traffic besides trucks that has to cross that bridge.

Q. I said to strengthen it to enable trucks to pass over it?

A. Well, the strengthening is demanded by other equipment besides trucks.

Q. Well, in the brief it says --

A. I am not responsible for the brief.

Q. You would not agree with that statement?

A. I do not know what the brief says in that connection.

Q Let me read you an extract from page 86 of the brief. It says:

"The case for assistance on bridges is even more acute financially. As trucks increase in size and as more and more freight is moved by road, the need for stronger and wider bridges becomes more urgent."

In so far as additional costs are put into bridges and roads to carry trucks, and the bridges and roads are made wider to carry trucks --

THE CHAIRMAN: You say that is on page 86?

MR. SINCLAIR: The second complete paragraph on page 86 - the third, I am sorry.

THE CHAIRMAN: That is not what you read.

MR. SINCLAIR: "As trucks increase in size and as more and more freight is moved by road, the need for stronger and wider bridges becomes more urgent."

THE CHAIRMAN: Oh, I am sorry; it is my mistake.

MR. SINCLAIR: Q. Would you answer the question, please?

A. There is other equipment besides trucks that requires stronger bridges. For instance, the road building equipment that is in use is heavier than any of the trucks.

Q And you would take some of the cost off trucks because road building equipment has to go across the bridges?

A That is one that comes to my mind.

Q What are some of the others?

A I know that on the Northumberland ferries the heaviest equipment we carry is road building equipment.

Q What are some of the other factors?

A Pardon?

Q You said that was one. What are some of the other factors besides trucks?

A I don't know if I can think of anything at the moment. I suppose a truck moving certain commodities - that would be the truck. I have not anything else in mind at the moment. Road building equipment is the heaviest equipment.

Q Q Do you think that truck licence fees in Prince Edward Island reflect their full share of the cost of construction and maintenance of highways in their amount?

A Oh, I would not judge that they do, or that it would be fair that they should.

Q You want the province to subsidize trucks? Is that right?

A The automobile must take a share of the expense.

Q But all the cost over and above the cost of providing highways to carry automobiles should be borne by the trucks? I think you said that was right?

A Yes. Then you would have only the bridges.

Q Do you not think that roads have to be built stronger and are more expensive, for the carrying of trucks, stronger and wider and more expensive construction to carry trucks?

A No, I think at the time there is danger to the

roads from trucking the trucks are shut off. I do not think they permit trucks to operate at that time.

Q You think the same slab of concrete is required whether you are going to have light trucks on it or heavy trucks?

A Yes, I do not think there would be much difference there.

Q And it is for that reason that you think the truck licence fees today are proper?

A The licence fee is only a small part of the receipts, the government receipts from trucks. The tax on gasoline is a big item.

Q Are there any others besides the gasoline tax, and the licence fees, the registration fees?

A Not that I know of. There may be others; I am not sure.

Q Do you think the province should assist rail transportation in securing licenses to integrate highway and rail transportation?

A I am not prepared to answer that. That is beyond me.

Q Have you thought about that as an important service? I am directing my question to this statement, "business that properly belongs to the trucks."

A I mean properly belongs to them because they are equipped to handle it.

Q Do you think that the railways --

A And can handle it more expeditiously.

Q Do you think that the railways should be given licenses to handle that traffic and put it on the rails

when it gets beyond the proper sphere for trucking?

A Not if they are going to handle it on the same basis as they handle the business they now handle.

Q What is your gauge of efficiency? I presume you are talking about efficiency.

A It is the efficiency I mentioned, the time it will take for the railways to bring a letter from one of the outlying sections to Charlottetown and get the goods back. If they are going to run trucks on the same basis do not let them touch it.

Q Do you think they should be given an opportunity to show what they can do with an integrated service?

A Well, they have had that opportunity.

Q They have?

A Yes.

Q In this province?

A Yes, right in the city.

Q I do not mean that.

A The pick-up and delivery, if you get a truck within twenty-four hours of your call for it you are doing very well.

Q And in your business if they want to ship by truck to Summerside they can get it within half an hour, can they? These private truckers hold trucks in readiness for your calls at all times?

A Well, the arrangements are already made. We know their route and we know when they will be available.

Q That is an efficient way to carry on a trucking business?

A Certainly. I don't know about the railways.

THE CHAIRMAN: Are there any more questions of Mr. Mutch?

MR. COVERT: No, Mr. Chairman. Apparently not. I understood that Mr. Mutch was to deal with the ferry service from Caribou --

THE CHAIRMAN: What is that?

MR. COVERT: My understanding was that Mr. Mutch was to deal with the ferry service from Wood Islands to Caribou.

THE WITNESS: I have a brief on that.

THE CHAIRMAN: We have not received the other brief yet.

THE WITNESS: I will give this to Mr. Campbell.

THE CHAIRMAN: If you care to read it you can read it and we will have it transcribed.

THE WITNESS: You are referring to the one---

THE CHAIRMAN: That Mr. Covert mentioned.

THE WITNESS: I should like to read this if I can.

MR. COVERT: In view of the shortness of the time, Mr. Mutch, - I just had an opportunity of glancing through it, and there are certain parts that seem historical. You say, for instance, that certain conditions have been remedied. I wonder if you could deal with your recommendations rather than read the whole brief.

THE CHAIRMAN: The whole thing will go in. The whole brief will be filed. In order to save time it would be sufficient today, as Mr. Covert suggests, that you tell us what you are recommending for the future.

THE WITNESS: I am recommending that you people make a study of the thing and find out a remedy for us.

MR. COVERT: Q. Perhaps we can put it this way. What do you say are the difficulties you are suffering from today?

A I think the shortest way to get it is to let me read this.

Q All right.

THE CHAIRMAN: Go ahead, then.

THE WITNESS: With regard to the ferry service between Wood Islands, Prince Edward Island, and Caribou, Nova Scotia.

I am pleased to have an opportunity to present to you some of the facts that I am confident you will recognize as having a very important bearing on the future of Prince Edward Island.

The mining and industrial centres of Nova Scotia, are adjacent to Prince Edward Island, and while a fleet of schooners were available, they provided a means of transporting the product of the Prince Edward Island farms to these consuming centres, and returning the product of the mines and forest to Prince Edward Island.

As these schooners passed out of the picture the difficulties of communication were increased and the result was very unsatisfactory to both provinces.

Coal needed for consumption within a few miles of the mining centres of Pictou County must be hauled around by Tormentine and Borden and then loaded in trucks to be delivered to the consumer from the nearest railway station in Prince Edward Island. The loss in

labour and effort will be apparent to you.

A steamship connection between Pictou and Charlottetown was maintained with one round trip daily, during open navigation but the time that it was necessary to spend in making the round trip reduced travel to a minimum.

Some local persons may be found today who will claim that they are responsible for the remedy provided by the inauguration of the present ferry service.

My personal opinion is that the credit does not belong to any individual on Prince Edward Island, but rather to a man of vision from Ontario, who when visiting here saw the need and found the remedy and with very little encouragement and in many cases open opposition pressed for the service which was opened in the spring of 1941.

The results up to the end of 1948 are shown in the presentation submitted to you by the Province of Prince Edward Island, pages 21 and 22, and for your information I might say that 1949 to date has shown a steady increase in traffic each month except in the matter of trucks which is slightly below 1948. This is probably due to the lack of demand for potatoes.

You will please note however that the traffic figures for trucks give only a partial picture of the situation in regard to movement of freight. For instance in the first year of operations we handled 629 trucks during the full seven months and these were mostly half to one and one-half ton capacity, while in May this year we handled 634 trucks, many of them six wheel

semi-trailer type, carrying ten to fifteen tons each, and in 1948 we handled equipment up to 68 feet over-all in length (including overhang), and approximately 35 tons in weight.

These figures will give you a picture of what has been done but we are unable to quote figures as to what has been left undone.

The trucking companies are permitted to make reservations in advance for a truck carrying a load of perishable products such as fresh fish, fresh meat, eggs, butter, cheese, berries, and livestock, and fresh vegetables when the temperature is below freezing, but no reservations are made for other traffic and the trucking companies cannot afford to have their equipment standing idle in a lineup of traffic which is always liable to occur, and this is a serious handicap to the movement of freight, but it is the delay to the auto traffic that is the greatest cause for complaint, and there is no possible way for us to determine the number of tourists who drive to Caribou, and seeing a line-up that will probably take all day to move, turn around and abandon any thought of coming to Prince Edward Island, or the number of those who knowing from experience or from hearsay the delays that may result, do not attempt the trip at all.

When the service was decided on piers had to be constructed at each terminal. These were built by the Federal Department of Public Works, one at Caribou under the Halifax office and the other at Wood Islands under the Charlottetown office, and both constructed to

Mr. Mutch

serve the same purpose and carry the same traffic.

The one at Caribou was built approximately 100 feet wide while the one at Wood Islands was approximately 23 feet wide.

We have tried in vain to get an answer as to why the difference in the type of construction, and are forced to the conclusion that what we got was considered good enough for Prince Edward Island. For eight years the traffic reached the boats over this narrow driveway on which every vehicle had to be turned in order to go on board the boat.

A lineup of traffic of 50 or more cars was a common occurrence. A clear line had to be maintained to permit the cars arriving an exit from the pier, and for weeks at a time the bus company refused to permit their equipment to go on the dock at all, because of the difficulty of getting them turned and the delay they experienced when caught in a traffic jam, and bus passengers were obliged to walk the full length of the pier in all kinds of weather and carry their luggage in order to reach the boat.

After years of controversy with the department we succeeded in having this condition remedied, and in the fall of 1948 the pier was widened and the surfacing has been done this spring and the condition now is satisfactory in so far as space is concerned, but the equipment for water supply is inadequate. There is no proper lighting system and the rest room facilities on the pier are a disgrace.

The Federal Government we are told has offered

to cooperate in providing a national highway giving connection to the terminals at Wood Islands, but for eight years the traffic has reached the boats through mud and dust.

Conditions at times are beyond description and at the moment there seems no more prospect of a hard surfaced road than there was when the service opened, because at that time we had definite promise that it would be provided and I am not sure that this promise is recognized by anyone as valid today.

THE CHAIRMAN: Q. Who made the promise?

A All the politicians.

Q Of what jurisdiction though, dominion, provincial?

A I think provincial based on the understanding that the federal government would cooperate. That is my understanding.

In spite of the handicaps, a few of which I have mentioned, the business developed because it was of such great advantage to the public and the demand for accommodation made it imperative that the carrying capacity provided by the "Prince Nova", which was considered adequate when the service opened be augmented and when at the close of the war the S.S. "Sankaty" was made available to us we bought her from War Assets and again fitted her for the route feeling sure that she renamed the "Charles A. Dunning", would provide sufficient accommodation, but no sooner was she on the route than we found that our calculations were in error and although the carrying capacity was now about three times what it was when the service opened we were still

unable to keep the traffic clear.

For the past few months negotiations have been going on continuously for some method of improving the situation.

It has been suggested that we replace the "Prince Nova" with a larger boat, but this is more easily said than done because it is difficult to get a boat already built of the type required which must comply with the requirements of speed, draft, carrying capacity, fuel consumption and ability to operate in the restricted quarters available for docking.

Many of the boats we have considered must be ruled out for one reason or the other, and the building of a boat of a special type to suit the purpose has also been given consideration.

We have had splendid cooperation and advice from the Canadian Maritime Commission, but they have like ourselves failed so far to find a solution.

The "Prince Nova" has cost us a lot of money, and the loss involved in disposing of her would be a serious matter as she is in her present condition unsuited for regular commercial service.

The best price we have been able to secure for the building of a new boat of a suitable type with carrying capacity of about fifty autos would be approximately \$750,000, plus furniture and fittings. This is a formidable undertaking for a group such as ours, especially in view of the fact that a very small percentage of the cost of the "Prince Nova" would be available and the fact that under existing conditions

contracts for subsidized services are made on short term basis, and for this reason the securities of an organization such as ours with all its assets in one enterprise and a contract on a short time basis would not be attractive from an investor's standpoint.

This year we have had newspaper and radio advertising stressing how advisable it is for our patrons to make the crossing as early in the day as possible, and we find that this has helped to avoid congestion in the evening, when prospective passengers were particularly annoyed when they failed to get on board, and had to retrace their steps in order to find overnight accommodation.

It frequently happens that those at a distance can see the possibility of a service such as ours to better advantage than those who are near at hand, and might be expected to be more familiar with the possibilities and requirements. This is borne out by the remarks of a high ranking government official from Ottawa who, when he inspected the service shortly after it started operations, expressed his conviction that the traffic would be multiplied ten times. To those who heard him his enthusiasm seemed beyond what we could expect, but as regards the movement of freight, which in 1941 would be probably less than 1,000 tons, his prediction has already been exceeded.

We carried last year 5,624 trucks, and this can be calculated as not less than 30,000 to 40,000 tons. With sufficient carrying capacity, I am confident that this total would reach within a year a total of 10,000

trucks to take care of the traffic between Nova Scotia and Prince Edward Island.

With Newfoundland becoming a part of the Dominion, the setup is again altered, and I want to impress on you the possibilities of this route in serving the new province, and to point out that a truck can be loaded in the farmer's yard in Prince Edward Island in the early morning, cross on the early boat, and its contents be in Newfoundland, via North Sydney and Port-aux-Basques within twenty-four hours. Compare this with the service such as is available by rail, and you must immediately recognize the advantage and the possibilities that this route offers and the justification for our bringing the matter before you in the hopes that you will find time to study the question and help find a remedy for the handicaps with which it is faced.

Our ships are manned by local men who take a pride in the service they are giving to the provinces. They are paid but a fraction of what is paid to the men on the Borden ferries. They work when necessary twelve to fourteen hours per day without overtime.

The shareholders have provided the funds and operated the service to the best of their ability with the equipment available, and their investment has returned them but two dividends totalling \$3,000 during the years of operations. These dividends should never have been paid, but we were led to believe that the moneys received and spent in reconditioning the boats were an investment.

When we were faced with the need of replacing

the "Prince Nova", we quickly realized the mistake that had been made in counting these expenditures as an investment, and on behalf of the shareholders and the members of our crew, as well as the interests of the public, we respectfully request that you give consideration to the needs of this important part of the economy of this province.

The employment of suitable dredging equipment, the provision of necessary aids to navigation, and the providing of docking equipment and facilities that would permit the operation of the service at night might be considered, and perhaps might be the answer for the time being, by permitting the boats to continue at night to clean up the waiting traffic.

In closing I wish to again thank you for the privilege of presenting our problem before you.

EXAMINATION BY MR. COVERT

Q Mr. Mutch, on page 2 of the brief you refer to long lineups of tourist traffic. Is this a regular occurrence or does it happen once in a while? Just what is the situation? Have you ever prepared figures showing how serious it is?

A I have pictures that would show a lineup that we could not carry in forty-eight hours.

Q How many would that be?

A Well, while we were operating, until we got the Dunning, we had only one boat --

Q I mean now.

A The most that I know of waiting in a lineup this

year is sixty-one.

Q Sixty-one cars. How long would they have to wait before they got across?

A The capacity of the Dunning is about - we have had thirty-two cars on her, and on the other one we have had eighteen, about seventeen and thirty, and once you begin putting trucks on you upset the whole calculation.

Q This case where there were sixty-one waiting, is that a common occurrence?

A No, it is not. That is the maximum this year that I know of.

Q You have not yet told me how long the cars had to wait that time before they got across.

A Well, they would have to wait for at least two trips of each boat.

Q And how long? I am talking about time.

A We sail at two hour intervals.

Q They would wait four hours. Is that right?

A Well, there would be sixty-one left after the boat went out, sixty-one cars left after the boat went out.

Q That fellow, No. 61, might have to wait three boats?

A And if they are late then they would have to wait until the next day.

Q Did you keep any record of that day as to how long they did wait?

A We cannot tell whether they wait or not. The trouble is many of them do not wait. They turn around when they find they are not going to get across today.

Q How many times a week, for instance, is there a serious congestion that way?

A That sixty-one is the maximum so far as I know for this year, but it is seldom if ever that we get through a day that someone is not left behind.

Q Someone is left behind nearly every day?

A Practically every day.

Q During the summer months?

A Yes, we only operate for seven months.

Q But you have never kept any figures at all?

A No, that is what I say here, we have no figures to show what people --

Q I know you have no figures to show who did not come and who did not stay, and so on, but have you any figures to show the delay, how many were left behind, how long they waited, or anything?

A No, I have never tabulated the figures. I get a report each day which tells me we left so many today and so many today. That is a common report.

Q My point is I would think if the matter was so serious that statistics of that nature would have been kept for just such a purpose as this to show how serious it is.

A We have taken pictures of the lineup. We have pictures showing the lineup as far up the road as you could see.

Q That would not be much good. That would show one instance or perhaps two instances. That might be a holiday or old home week. That is when it was?

A Yes, that is most likely on an occasion of that kind, but it is seldom that we get through a day that someone is not left behind, and very often quite a few.

Q Do you think statistics of that nature would be useful?

A I suppose it would. The trouble is to get someone to go and count the cars. The boat crew know what they load up. They don't know how many are left.

Q Is there no one at either end taking tickets or selling tickets?

A No, the tickets are sold on board the boats.

Q Now then, on page 2 in the second paragraph you say there has been a falling off of trucks in 1949.

A We are in the vicinity of fifty trucks down at the end of June. I have not checked July. At the end of June we were almost fifty trucks short of the same period last year.

Q That would be quite small.

A That is in number.

Q What would be a month's business on the average now in trucks, how many trucks?

A We had for May - I gave you the figures there.

Q 634?

A 634. June would be about double that.

Q About double that?

A Yes.

Q You say that in May this year you handled 634, and you say in June you handled about double that. Have you the figures there?

A Yes. In June we carried 1,354.

Q 1,354. Do you have any of the figures for the days in July this year?

A I have not got them with me.

Q But do you know whether the traffic is keeping up or falling off?

A The only thing I keep track of from day to day is the cash receipts, and I know they are ahead of July last year, but whether it is from trucks or cars I am not positive. The traffic is ahead of last year for July as a total.

Q. Do you think that the lowering of the rates for trucks on the Borden-Tormentine ferry would have any effect on the Northumberland ferry?

A. I think it should help.

Q. Help how?

A. Up to the present time truck tickets were not interchangeable with the Borden ferry.

Our passengers with auto tickets are interchangeable, and we carried out, for June -- the railway owed us, I think, in the vicinity of \$800, being the difference between the traffic which we carried of theirs, and that they carried of ours.

Q. The trucks are interchangeable too?

A. The truck tickets are not interchangeable yet, but I am hoping that with reduced rates, they will be. I have been negotiation with the railway about that, but it has not been arranged yet.

However, I think that as soon as it is arranged, it will help the movement over both of these.

Q. On page 3, as I gather it, I think you say there was some trouble with the width of the pier, and that it has now been fixed?

A. Yes. We can now turn the equipment.

Q. How wide is it now?

A. I have not measured it, but it is wide enough to turn a truck on, which it was not before.

Q. On page 4 you say, in the second paragraph:

". . . negotiations have been going on continuously for some method of improving the situation."

You are referring there to -- ?

A. Negotiations have been largely through the Maritime Transportation Commission.

Q. Negotiations for what? It doesn't seem quite clear.

A. Negotiations for some method of improving the situation.

Q. What situation?

A. The situation that we are not able to move the traffic.

Q. What is the nature of the negotiations? Are they to provide a new ferry?

A. No. We did^{not}/ask them to provide a new ferry.

I do not know if the Maritime Commission would consider it.

Q. It is not clear to me just what is being discussed. You say:

"In spite of the handicaps, a few of which I have mentioned, the business developed, . . ."

And you go on and talk about the carrying capacity of the "Prince Nova"; and you say that you purchased the "Sankaty" at the close of the war, and changed her name to the "Charles A. Dunning", and you say:

" . . . but no sooner was she on the route than we found that our calculations were in error, and although the carrying capacity was about three times what it was when the service opened, we were still unable to keep the traffic clear.

"For the past few months, negotiations have been going on continuously for some method of improving the situation."

Just what is the nature of the negotiations?

A. Well, we have travelled over a good part of the country, of Eastern Canada and the United States, looking at boats which are available and which might be made suitable.

Q. Yes?

A. And we have had several trips to the United States to look at boats that the Commission heard of and thought might suit.

Q. Yes?

A. But when we came to examine them, there was something out in them, such as too much draft or they would not fit the docks. There was always something. We have not found a boat yet which would suit; and we have been negotiating for the building of a boat.

Q. Negotiating with whom?

A. With Smart and German and Milne.

Q. So that is what you are referring to when you say that a new boat is necessary because the present boat will not handle the traffic, and you say that you are negotiating with builders now with a view to building you a new boat which would handle the traffic; is that it?

A. The Commission suggested that to us, but when they learned the cost they backed out.

Q. You are talking now about the Maritime Commission, are you?

A. Yes.

Q. I do not quite follow you when you say they "backed out"?

A. They suggested that the best thing to do would

be to build a boat.

Q. Suggested to you that the Northumberland Ferries Limited should build a boat?

A. Yes, when we found it impossible to locate a boat which would fit into the picture.

Q. Do I understand that the price was too much?

A. Yes, they considered the price too much; or, rather, they did not feel justified in authorizing a subsidy which would permit it.

Q. You have been consulting with the Maritime Commission because you say, if you built a boat of this size, it would probably mean that your subsidies would have to be increased?

A. Yes.

Q. And before entering into negotiations to build a ship, you would want to know what subsidies you were going to get?

A. Yes, what was going to be done about it. The subsidies at the present time are limited to three to five years subsidy contracts.

Q. And as a shareholder of the company, you did not want to spend this much money to build a ship without knowing, or having an idea of how long the subsidy would last. Is that it; is that your trouble?

A. Yes. Here we have a Commission proposing that these transportation matters be all turned over to another body. Now, where would we be with a boat constructed at that cost? We have the "Prince Nova" which cost us, perhaps, \$125,000; and the Commission -- this is the way

the matter was put to them this year.

If you had that boat, the "Prince Nova," and you had no use for it, what price would you ask for it if you had to sell it? And one of the Commission said, probably \$5,000, if the Government were offering her for sale, as they offer war assets.

That just makes it impossible for us to proceed with the building of a boat. We might be able to finance it if we could find a suitable boat which could be converted to our purpose; we might finance it.

Q. The subsidies received by this line are a matter of public -- I mean, they have been published in the House of Commons?

A. That is right.

Q. And it is a fact that this line has been subsidized since its inception?

A. That is right.

Q. And despite the increase in traffic the subsidy is four times now what it originally was?

A. Yes.

Q. And, as a matter of fact, an application has been made to increase it?

A. Yes.

Q. So that, even with the increased business the line cannot operate on a profitable basis; and it costs more and more from the subsidy point of view each year?

A. Our subsidy was paid; and during the war, and up until 1947 -- if you are familiar with the set-up of subsidized services, they were compensated from the

War Stabilization Fund, by payment of the increase in the cost of fuel; and, as wages were pegged, the Government authorized the payment of \$25 per man per month, in lieu of an advance in wages.

That was all paid through the War Stabilization Fund; and that continued to function until the close of 1947. In 1948 we were met with the announcement that the War Stabilization Fund payments were being discontinued, but our subsidy remained at the same level, which really made a ^{of} cut/approximately \$12,000 in our subsidy. So we immediately had to make up that payment, and the subsidy, as it stands in 1948 did not pay the insurance, the wages and the fuel.

Q. Now, Mr. Mutch, the figure you quote at the bottom of page 4 of your brief, for the cost of this vessel or the ferry which would serve you, is somewhere in the vicinity of \$750,000, plus furniture and fittings. Do you think that is too big an amount to spend for that?

A. For us to spend, yes.

Q. So what is your recommendation here?

A. I have put there in the closing paragraph what might be an alternative.

Q. Yes?

A. If we could operate those boats at night.

THE CHAIRMAN: Q. What would you require to do that?

A. I mentioned it here. I do not know what it would cost for the employment of suitable dredging equipment, and for the provision of the necessary aids to navigation and the providing of docking equipment and facilities, which would permit the operation of the

service at night, which might be considered necessary, for the time being, to permit the boats to continue operating at night in order to clean up the waiting traffic.

MR. COVERT: Q. Have you made a study of them?

A. Yes, I have.

Q. Do you think that would look after the situation without the necessity of an additional boat?

A. It would not be really a satisfactory answer, because you might have a line-up on one side this week, and on the other side, next week.

And, there is no position for the terminals that we constructed. You cannot put two boats at the one terminal. You have got to shunt them back and forth. If we could have facilities which would let us keep both boats at one terminal and operate one boat at night it might answer. But to have to move the second boat, to move one load from the opposite terminal -- does not fit into the picture very well. And, besides that, we have no facilities. We cannot get telephone connections. We spent a lot of money and a lot of effort in trying to get radio equipment on the boats so that they could talk to each other, but we haven't been able to get it. There is no proper connection between the two terminals. There is a party line at Wood Island -- worse than a party line at Cariboo; and it is very seldom that you can get a connection between either points, when you want it in a hurry.

A lady in the dining room died on Monday and there was no way to get word of it to shore. We got word to Pictou eventually, and had a doctor there.

Q. And you have been associated with the Northumberland Ferries Limited since its inception?

A. Yes, sir.

Q. Are you the president of the company?

A. Yes.

Q. And this ferry service was started as a commercial proposition?

A. No, definitely not.

Q. And it has never been a commercial proposition?

A. No.

Q. And you paid only two dividends since its inception?

A. Yes.

THE CHAIRMAN: Q. What do you mean by "commercial"? It must be commercial?

A. I mean that it was never dreamed of by the ones who are operating it. It was forced on us.

MR. COVERT: Q. How do you mean it was "forced" on you? When you originally incorporated the company and started the business, did you not hope it would obtain business?

A. We did not start it.

Q. Then who did start it?

A. It was started by a Halifax group. I do not know if there is any advantage in going into that or not, but if you wish me to do so I can give you the whole story.

THE CHAIRMAN: Q. Oh, well, it is nominally a commercial enterprise, of course.

A. Well, it was never thought of by us as a commercial enterprise.

Mr. Mutch

Q. What do you mean by "commercially profitable"?

A. I think of a commercial enterprise as something which a man started in order to make a living by. This was never thought of as that.

MR. COVERT: Q. Are you suggesting it was started for the purpose of providing a service?

A. It was started as a method of providing communication between Prince Edward Island and Nova Scotia. It was started by the Government.

THE CHAIRMAN: Q. By the Government? Oh, I see. What Government, the Dominion Government?

A. The Dominion Government, yes.

Q. It was a Dominion Government service, was it?

A. Certainly, a Dominion Government service. But it was wished on a group in Charlottetown, and we have been holding the bag ever since.

When the boat was first called for -- but perhaps I am taking up too much of your time.

MR. O'DONNELL: No, no, it is interesting, really interesting.

THE CHAIRMAN: Q. We are faced with your present situation.

A. Yes, we are faced with the present situation that we have got a job which was wished on us.

Q. But nobody could force you to take it?

A. Perhaps "force" is not the right word. But we were given no option, in one sense. Ottawa has corrected me. I made the statement that we were told to go to Halifax and take over the contract, but Ottawa has

corrected me by saying: You went to Halifax and took over the contract with our knowledge. You can distinguish between the two! We got a wire out of the blue, to come to Halifax and take over the contract. I feel the reason why that was done was because the Halifax group was not prepared to carry out their contract on the lines that the Government wished.

CROSS-EXAMINATION BY MR. O'DONNELL

Q. Who incorporated the Northumberland Ferries Limited?

A. It was incorporated in Halifax.

Q. Your group bought the stock of the Halifax shareholders?

A. There was no stock issued; there were only three shares.

Q. And you got those three shares, and got control of the company?

A. Yes.

Q. And they remained with you?

A. Yes.

Q. And how many shares have been issued?

A. One thousand.

Q. Is that the total capital stock?

A. Yes.

Q. And how many shareholders are there?

A. There would probably be 30, perhaps more.

Q. You are a private company, and you are operating this ferry service; and you operate in competition, I take it, with the Government ferry service which is provided between Borden and Tormentine?

A. I do not know; I think it is in co-operation with it.

Q. Yes; but you attract passengers and automobile traffic which would go to the Tormentine-Borden ferry if your ferry was not operating?

A. We bring more that would not go at all.

Q. But at least you get some of what did; and in the last 8 years you carried 363,309 persons and 82,236 vehicles, and 5,624 trucks?

A. No, we carried that last year.

Q. Oh, yes. I did not add the trucks. And you have carried, in the last eight years, maybe fifteen to sixteen thousand trucks?

A. I have not got the total here.

Q. Or roughly that; it is near enough?

A. Yes.

Q. And you carried those trucks and those passengers at rates considerably below the rates prevailing for passage on the Borden-Tormentine ferry?

A. No, sir; that is not correct. We carried the passengers and the autos at the same rates.

Q. But trucks on the Borden-Tormentine ferry were at rates considerably higher than yours?

A. Yes; but they recently reduced them.

Q. And during that time you made no charge for carrying the freight in those trucks. You might have had anywhere from 50 pounds to 5 tons of freight in a truck carried on your ferry, yet no charge would be made for the freight in the truck. Whereas, the government ferry would have charged freight for the contents of the truck?

A. For a time.

Q. For a time, until this recent change?

A. No.

Q. When?

A. A year or two or two years since they reduced; there is no charge on the other ferry for farm produce.

Q. I am talking about freight other than farm produce. There has been a charge, until this recent change, on the first of July, 1949.

A. For what?

Q. For the contents of the trucks.

A. Not if it was farm produce.

Q. But other than farm produce?

A. That is right.

Q. Yet you carried it for nothing?

A. But that part of the contract was written right into the contract.

Q. The contract of whom?

A. With the Maritime Commission.

Q. The subsidy contract?

A. Yes.

Q. And your truck business has grown from 629 trucks in 1941 to 5,624 trucks in 1948?

A. That is right.

Q. And during all that time you were competing with the Borden-Tormentine ferry, you being a private company; and you were, none the less, drawing these subsidies from the Government?

A. Yes.

Q. Can you recall at the present time the subsidies

which your company has received every year since 1941?

A. No, I could not quote it from memory.

Q. Would you be good enough then to put that in the form of a little statement which could be sent to the Secretary of the Commission. You have received subsidies every year, and in 1945 you had a subsidy of \$40,343.

Has it been more than that each year since 1945?

A. I think it was more than that in that year.

Q. That may be. The figure I am using is the figure contained in a judgment which I have here.

THE CHAIRMAN: Q. How much was it last year?

A. \$100,000.

MR. O'DONNELL: Q. \$100,000. In any event, you will be good enough to give the Commission that statement. And in addition to the cash subsidies which the Dominion Government has provided, you pay lower wages to your operators than does your competitor, the Borden-Tormentine Ferry is forced to pay; and you charged lower wages to your they did, until the 1st of July?

A. No. Our rates are the same.

Q. Now they are?

A. Yes.

Q. But until the 1st of July your rates were considerably lower?

A. On trucks only, but we carry them for longer distances, of course.

Q. Yes, that may be. Now, how many officers are there; your company has a president; you are the president?

A. Yes.

Q. And do you draw a salary as president?

A. Yes.

Q. And have you a vice-president?

A. Yes.

Q. And does he draw a salary, too?

A. No.

Q. How many salaried officers are there?

A. Two.

Q. You and the secretary-treasurer?

A. Yes.

Q. And you say there are some 30 shareholders. But none the less, would not the control lie with you?

A. No.

Q. Are you one of the major shareholders?

A. Well, perhaps. I am not the largest shareholder.

Q. And your ferry is not an icebreaker?

A. No.

Q. And it is not a car ferry? By that, I mean a railway car ferry?

A. No.

Q. And you only run during the summer months; you take the cream of the business during the summer months?

A. We have offered to operate a longer season, because, occasionally, we felt there was a possibility of carrying on for a time. But the Commission said, no; those boats are too hard to get, and there is no place to operate a boat.

Q. And when the water gets rough and the going gets tough, the traffic reverts to the government ferry, and your competition ceases?

A. Yes. But the traffic we are moving has to stop. The Prince Edward Island Government is suggesting a ferry

service between Pictou and Georgetown for the winter months, or for part of the winter months. That might be a very good idea.

Q. There are good harbour facilities are there not, or good dock facilities at Pictou and Pictou Landing?

A. I do not know if Pictou Landing would be.

Q. But at Pictou?

A. Yes.

Q. What is it to prevent your ferry running to Pictou or Cariboo?

A. The distance.

Q. How much greater is the distance?

A. It would not be a ferry at all; you would be getting away from the idea of a ferry.

Q. What distance would it be?

A. I cannot tell you the exact distance, but it is two or three times longer.

THE CHAIRMAN: Q. Two or three times longer?

A. I would think so.

Q. The distance is 14 miles. Do you mean to say this would be 30 to 40 miles?

A. I would judge so. But do not take that definitely. I do think it would be two or three times the distance.

MR. O'DONNELL: Q. Well, as I understand your proposal, how far do you say Pictou Harbour is from Cariboo?

A. It is six miles by road, between Cariboo and Pictou.

Q. But by water it is shorter than that?

A. By water you have to go out around.

Q. Do you say that it is thirty or three times as far by water?

A. From Georgetown?

Q. I am speaking of Wood Island.

A. That would be no good. There would be no advantage in going to Wood Island.

Q. From Wood Island to Cariboo it is 14 miles?

A. Yes.

Q. And from Wood Island to Pictou Harbour, how far would that be?

A. That would not be very much. Oh, yes, it would be.

Q. On the map it is shown as not very far?

A. But the route they would have to follow would have to go out around. There is another route.

Q. But on Exhibit 61 it does not look very far.

MR. COVERT: Perhaps Mr. O'Donnell does not quite understand the situation. My understanding is that from Wood Island to Pictou -- it would not be any use, because although Pictou is open, Wood Island would not be.

THE WITNESS: That is right.

MR. COVERT: But from Georgetown to Pictou, that would be the only route.

MR. O'DONNELL: Q. At the present time you suggested that you should have additional harbour facilities on the Nova Scotia side; is that correct?

A. On both sides.

Q. But at least on the Nova Scotia side??

A. Nova Scotia, except the channel to Deer Island, at

Cariboo, is fairly open and the dredging has been fairly well completed at Wood Island, but the channel at Cariboo -- I do not think there has been any dredging done since the service was opened.

Q. There are dock facilities at Pictou Harbour, at Pictou?

THE CHAIRMAN: What is the point?

MR. O'DONNELL: The point is, Mr. Chairman, that instead of asking for additional harbour or docking facilities at Cariboo, they should avail themselves of those which are presently at Pictou or Pictou Harbour, which are adequate.

THE CHAIRMAN: Would that not be a matter for the Maritime Commission?

MR. O'DONNELL: Q. Yes, Mr. Chairman. I was merely asking if whether or not the fact that there are those dock facilities ---

A. The present schedule could not be maintained to take the boats there. We have just got barely time to do it now, sailing at two-hour intervals; that is the very best that can be done.

(Page 5130 follows)

Q. Your suggestion in the final analysis is this, that your private enterprise, owned by a number of individual shareholders, now fairly highly subsidized both in cash and by way of facilities provided by the Dominion Government, should be further subsidized and further facilities provided for the purpose of competing with the Government-owned ferry which operates between Borden and Tormentine, and which is a new ferry that cost roughly seven million dollars, and is presently in service with greatly increased capacity over that previously prevailing; isn't that it?

A. No, no such thing.

Q. And operating at a deficit, the Government ferry operating at a deficit?

A. Yes.

Q. And you want your private enterprise to be further subsidized to make the competition more ardent; is that your proposal?

A. No. We are carrying on what is a Government service started by the Government, which should have been operated by the Government, and the cost to them would be three times what they are paying to-day.

Q. When you say it is a Government service, would you be good enough to file the contract which you have with the Government, I take it, and is that merely the subsidy contract? That is the only one you have?

A. Yes.

Q. Your company is incorporated by letters patent of the Dominion of Canada?

A. I am not sure. No, I think it is incorporated in Nova Scotia.

Q. It is a Nova Scotian company?

A. A Nova Scotian company.

Q. Where did you get the franchise to run between those two points? By application to the Maritime Commission?

A. The Maritime Commission.

Q. Well, will you please file whatever franchise you may have, or a copy of it rather, for the operation of that service?

A. Well, now, would last year's contract be sufficient? I don't know that we want to let out of our hands the present contract.

THE CHAIRMAN: You mean a copy of it.

MR. O'DONNELL: Oh, yes, a copy. I am at a loss to understand how Mr. Mutch suggests that this is a Government service.

THE WITNESS: Well, it is a Government service in this way, that we as individuals never dreamed of operating a service, never thought of it. The Government proposed the thing and put it through and provided the votes in Parliament to build the piers. They never consulted us. When they got them built they asked a group in Charlottetown to put in a tender so that they would be sure there would be a tender. In fact, when the matter first came up in the House at Ottawa the question was asked, how is this service going to be operated? And the answer was given that before the contract was given for the piers a contract would be entered into with someone to operate the service, and when the tenders were called we were asked in Prince Edward Island to put in a tender, so that there would be sure to be a tender in, but we were not the lowest tenderer. The contract went to Halifax, and we heard nothing more of it

for years, till we got a wire out of the blue sky to go to Halifax and take over the contract. Now, if that is not a Government service I don't know what it is.

THE CHAIRMAN: Q. You heard your tender was accepted?

A. Our tender was never accepted.

Q. Well, you say you got a telegram?

A. To go over to Halifax and take over the contract that had been awarded to Halifax.

Q. Do you mean to say you had to go?

A. Well, I don't know that we had to go, but we unfortunately did go.

MR. COVERT: Any further questions? (No response)

THE CHAIRMAN: Thank you very much, Mr. Mutch.

We have only half an hour left now this morning; what are we to do?

MR. COVERT: There is the brief by the Boards of Trade.

THE CHAIRMAN: Well, we had better get right on with it.

MR. COVERT: Who is appearing?

MR. CAMPBELL: Mr. H. F. MacPhee, K.C., appears for the Associated Boards of Trade of Prince Edward Island.

MR. COVERT: Mr. MacPhee, would you mind? The Commissioners have all read the brief, and I think the brief was furnished some time ago, and counsel have read it. I was wondering if we could shorten the proceedings by having it taken as read into the record. Would that be suitable to all counsel?

MR. MACPHEE: Mr. Chairman, that would be satisfactory.

BRIEF

OF THE PRINCE EDWARD ISLAND BOARDS OF TRADE, FOR SUBMISSION
TO THE ROYAL COMMISSION ON TRANSPORTATION

Presented by

THE CHARLOTTETOWN BOARD OF TRADE
THE SUMMERSIDE BOARD OF TRADE
THE ALBERTON-WEST PRINCE BOARD OF TRADE
THE CRAPAUD-VICTORIA BOARD OF TRADE
THE EASTERN KING'S BOARD OF TRADE
THE KING'S COUNTY BOARD OF TRADE

July, 1949

The Honourable Chairman and members of the Royal Commission on Transportation: This brief is a joint presentation on behalf of the Boards of Trade of Prince Edward Island, which are six in number, namely: The Alberton-West Prince Board of Trade, the Summerside Board of Trade, the Crapaud-Victoria Board of Trade, the Eastern King's Board of Trade, the King's County Board of Trade, and the Charlottetown Board of Trade. These six Boards represent the business, commercial and trade interests of the Province as a whole. It is the practice of these Boards to meet together from time to time for the discussion and consideration of questions of common interest, and all of these Boards are co-operating in the presentation of this submission.

Transportation difficulties, arising primarily from the geographic and insular position of this Province, have been the concern of these Boards of Trade for a very long time. A perusal of the minutes of their meetings for many years back establishes that many of the difficulties in reference to transportation which are now being considered, actively concerned these Boards throughout all of these years, and that constantly throughout

that time efforts were being made by them to find a remedy and solution for the difficulties in question.

A great many of the matters which we desire to draw to the attention of the Commission will have been referred to and dealt with in the brief and arguments presented on behalf of the Government of Prince Edward Island. It is the desire of these Boards to avoid taking the time of the Commission in reference to matters fully presented in the submission of the Government, and this brief has been prepared with that thought in mind.

(1) FREIGHT RATES & SERVICES

The major question of freight rates and freight services has, we believe, been covered extensively by the Government's submission. All of these Boards join in opposition to further freight rate increases, and all are in a position to submit testimony to indicate hardships and difficulties which now exist because of the level and mode of application of existing rates and the losses and vexations arising from the slowness of l.c.l. deliveries.

The delivery of freight l.c.l. is becoming of ever greater importance to the businessmen and consumers of this Province. The character of buying has changed in recent years, and goods are being purchased in smaller quantities. This has resulted from the wartime and post-wartime scarcity of goods, their high cost which forbids the tying up of any large inventory, and the uncertainty of future prices. This small lot type of buying is reflected in heavily increased express and l.c.l. deliveries, and it would appear that the practice is likely to continue indefinitely. It is clear, therefore, that where so much of our imported merchandise

is being transported to the Province in this manner, the question of slow l.c.l. delivery becomes one of major and general importance. We do not feel that we should be required to suggest the solution for this difficulty. That is a matter for railway administration. However, we do wish at this stage to submit evidence to the Commission in the way of instances of slow delivery which can be taken to be illustrative of the general situation, and witnesses will be called for this purpose.

(2) PORT BORDEN-CAPE TORMENTINE
FERRY SERVICE

The need for additional ferry service to relieve the existing bottleneck at this principal approach from the mainland to Prince Edward Island is most pressing. These Boards endorse what has been submitted in the Government brief covering the urgency and gravity of the situation in this regard, and concerning the difficulties being encountered at this point, because of the inadequacies of the existing service, in connection with ordinary freight and passenger movements, as well as in reference to highway traffic. All of these Boards concur in the submission that the provision of additional ferry and terminal facilities, designed to eliminate the existing bottleneck, particularly in relation to highway traffic, is essential to the satisfactory development of all of our industries, particularly the tourist industry. All are of opinion also that the provision of adequate service at this main connecting point with the mainland is a constitutional obligation resting upon the Dominion; an obligation which

will be fully met only when this Province possesses a system of inter-provincial transport as continuous and efficient as that enjoyed by the other provinces of the Dominion.

Specifically, these Boards urge that to meet the highway traffic problem at this point, a new highway ferry be provided to be operated on a definite, dependable auto and truck traffic schedule, divorced from the railway time table with its present serious delays and interruptions. Only thus can Prince Edward Island develop a real tourist industry and a satisfactory auto-truck trade in the natural products of the farm and the sea.

The schedule of the present carferry and of the additional carferry, which it is hoped will be provided without delay, is of necessity tied up to the railway timetable, and is such that it confronts tourists, travelling by car, with uncertain delays between trips of from three and one-half to five hours on week days, and from four to six hours on Sundays. When connecting trains are late, this fact adds to the uncertainties of the time of crossing, thus increasing the vexatious delays normally encountered.

American tourist trade is one of the most important sources of Canadian revenue, bringing to us as it does, highly desirable United States funds. Travellers by motor car are accustomed to continuous, satisfactory, uninterrupted service when travelling in the United States and in the other provinces of Canada. Our experience has taught us that it is impossible to build up a real tourist traffic in Prince Edward Island unless these delays and uncertainties are eliminated and a regular and dependable ferry schedule inaugurated. It is well known

that a large percentage of American and Canadian tourists, desirous of holidaying in this Province, abandon their plans and turn elsewhere when, before reaching Prince Edward Island, they learn of the uncertainties incident to the crossing, or have the misfortune to actually encounter these vexatious delays.

Farmers and fishermen of the other Provinces of Canada can take advantage of favourable opportunities to use their own motor transport in catering to neighbouring markets for their products. Our farmers and fishermen for practical purposes, are prevented from marketing their products in this way, because the ferry service is not continuous or dependable in relation to crossing schedules. . It is impossible, for instance, to build up a fresh fish business to reach the markets in a satisfactory and saleable condition with a means of transport that offers nothing but uncertain service and long delays.

These Boards, therefore, submit that the car-ferry steamers on this route should be supplemented by the immediate provision of a suitable highway ferry. This ferry should be built to operate in either direction without turning, so as to save time in docking, discharging and loading. We do not urge an expensive boat with luxury facilities for this service. What is required to meet the tourist and trucking problem is a boat which will provide a satisfactory, economical, fast and dependable service for autos and auto-trucks; a service which can be operated on a continuous and dependable schedule without reference to the railway timetable or to

railway requirements.

(3) FREIGHT RATE ZONING

These Boards unanimously support the submissions of the Government that the eastern and western portions of Prince Edward Island, outside the central zone, are prejudicially affected by the existing groupings, and that Prince Edward Island should constitute one freight rate zone, so that shippers and producers in the eastern and western portions of the Province shall be subject to the same tariffs as those in effect in the inner zone.

An application is now before the Board of Transport Commissioners for the establishment of the Province as one zone in connection with the shipment of potatoes to points outside the Maritime Provinces. This partial concession would be of great value to the potato industry, but all of these Boards are of opinion that the full removal of this regional discrimination requires that the Province be made one zone for all purposes.

(4) WOOD ISLAND FERRY SERVICE

These Boards unanimously endorse the submissions of the Province in reference to the inadequacies of the existing service at this connecting link with the mainland, and unanimously urge immediate improvements to include larger boats, aids to navigation, pier and harbour improvements, more frequent, earlier and later crossings, and modern restroom and restaurant facilities.

The urgency of the situation at this point is such that on April 20th last a special meeting of the Charlottetown Board of Trade was called to discuss the matter with officials of the company operating this

ferry service. At this meeting the following resolution was unanimously passed:

"In view of the fact that the transportation service carried on by Northumberland Ferries Ltd. on the Wood Islands, P.E.I. -- Caribou, N.S., route is of such major importance to the economic life of this province, and in view of the fact that the traffic on this route has now grown to such proportions that present facilities of the Company are unable to adequately deal with such, therefore, the Charlottetown Board of Trade urgently demands that additional transportation facilities be provided on this route without delay to meet present and anticipated increased future demands, including a larger and more suitable boat to replace the Prince Nova, improved docking facilities; maintenance of the channels at the necessary width and depth, installation of suitable aids to navigation, establishment of restaurant and restroom facilities on the Wood Islands side, and an immediate improvement in sanitary and other conditions at the Wood Islands pier."

This service between Wood Islands and Caribou, providing our sole connecting link with the industrial areas of Cape Breton and eastern Nova Scotia, operates only from the 1st of May to the end of November. During the rest of the year, we are without communication by this route, and the large volume of freight, motor vehicle

and passenger traffic employing it has to be diverted through the Borden route. These Boards submit that a year-round service should be established by making use of the neighbouring winter ports of Georgetown and Pictou during the months when operation on the Caribou - Wood Islands route is not practicable. Georgetown and Pictou were the termini of the winter steamer service before the establishment of the Borden-Tormentine route. With the provision of suitable boats, the operation of highway ferry service from Georgetown to Pictou during these months will be entirely feasible. The industrial areas of Cape Breton and eastern Nova Scotia have always been largely supplied by the farm produce of eastern and southern Prince Edward Island. The importance of this route and of the establishment here of continuous and satisfactory service has become much greater with the entry of Newfoundland into Confederation.

(5) WEST POINT FERRY SERVICE

The proposal for the establishment of a highway ferry service between West Point in Prince Edward Island and Buctouche in New Brunswick, referred to in the brief submitted by the Government of the Province, has already been unanimously endorsed by these Boards.

We are convinced that the inauguration of this service would make readily accessible for our farmers a market for agricultural products in the towns and cities of New Brunswick, and perhaps also of the Eastern States, with a very considerable saving in the time and cost of transportation. We are convinced also that this service, in supplying a third point of

entry to the Province for tourists, especially from the United States, New Brunswick, Ontario and Quebec, would be of great assistance to the tourist industry. The extent to which the people of this Province have endorsed the proposed inauguration of this service is evidenced by the fact that at the 1948 session of the Provincial Legislature, the following resolution was unanimously passed:

"WHEREAS the Western section of Prince County is placed at an economic disadvantage compared with the rest of Prince Edward Island owing to the inadequate facilities for communication with the adjacent Province of New Brunswick;

"AND WHEREAS the Province of New Brunswick is the natural and logical market for many of the agricultural and fishery products of that section of this Province;

"AND WHEREAS the inauguration of a Ferry service between West Point, Prince Edward Island and Buctouche, New Brunswick, would greatly stimulate agricultural production by providing ready access to nearby markets; would foster increased trade between the two Provinces; would provide a much shortened route for the transportation of supplies both import and export; and would promote and encourage the development of a tourist industry in West Prince by providing alternative facilities for entry and departure from the Province;

"THEREFORE BE IT RESOLVED the Legislative Assembly of the Province of Prince Edward Island ask the Government of Canada to provide the necessary

dock and harbour facilities at West Point and Buctouche to accommodate the ferries of the proposed service and to subsidize this ferry on a substantially reasonable basis so as to provide an adequate service."

A special brief on this proposal will be submitted to the Commission by West Point Ferries Limited, the company which has been incorporated to sponsor this undertaking.

(6) NEWFOUNDLAND TRADE AND COASTAL SHIPPING

These Board's understand that these important matters have been fully covered by the brief and submission made on behalf of the Government. We strongly urge the provision of suitable boats with cold storage space for this trade, and urge the improvement of harbour and port facilities where necessary for its full development. Such improvements are urged by these Boards at Charlottetown, Summerside, Georgetown, Murray Harbour, Montague, Cardigan, Souris and Alberton.

(7) TOURIST BUSINESS

The importance of this industry in the economic life of the Province, the extent of its development under discouraging transportation conditions, and its great possibilities with improved transportation, have been dealt with in the submission made by the Province. All these Boards are intensely interested in this industry, and all are in agreement that inadequate transportation facilities are retarding its full development. These Boards are desirous of seeing improvements effected in reference to bus, air, rail and highway transport so that

tourists, desirous of holidaying in this Province, will no longer have to suffer the delays and obstacles which are now encountered in reaching their destinations here.

Prince Edward Island possesses unsurpassed natural advantages as a tourist resort. Its great natural beauty, the excellence of its sea beaches, the temperate character of its climate, and the peacefulness and serenity of its atmosphere are only a few of its attractions. These natural advantages, by virtue of local initiative, have resulted in a very substantial development in this industry in spite of the difficulties of transportation.

Throughout all of Canada, the tourist industry is recognized as contributing in a very substantial way to our national income. In Prince Edward Island its relative importance in the Provincial economy is even greater than in the other provinces. We are dependent for our provincial income primarily on the basic industries of agriculture and the fisheries. The tourist business, with our natural advantages, is capable of being developed into a third great industry. Given adequate transportation facilities, our very isolation, which is such a handicap to us in the development of other industries, can become an asset in relation to the tourist business.

We have had an opportunity of seeing the statistical data furnished in the brief submitted by the Government of the Province to indicate the development of this business in recent years in spite of our transportation handicaps. These Boards are convinced

that if adequate transportation facilities are provided, the volume of this important industry will be multiplied many times.

(8) AIR SERVICES

These Boards endorse the submissions under this heading contained in the brief presented by the Government. They are desirous of seeing direct air services between this Province and Newfoundland developed as fully as possible. They feel that Maritime Central Airways, operating from Charlottetown, are in an excellent position, provided mail contracts are awarded, to establish services direct to such Newfoundland centres as Corner Brook, Buchans, Grand Falls, Gander and St. John's, for express, passengers and mails. We feel that Newfoundland will obtain much greater benefit from the "All up" Canadian air mail service by the establishment of the above routes by Maritime Central Airways, since Trans-Canada Air Lines does not appear to be in a position to service the smaller communities there, and does not operate from this Province. The establishment of adequate passenger, mail and express air services to these Newfoundland points would, we believe, provide a great stimulus to the development of our trade with Newfoundland.

Under this heading, we wish to record the submission of the Charlottetown Board of Trade in respect of improvements to the Charlottetown Airport involving the lengthening of the landing field and runways so as to accommodate the larger type of aircraft.

The King's County Board and the Eastern King's

Board are desirous of seeing landing strips constructed in the King's County areas which they represent. Such installations would be of great assistance not only in reference to emergency passenger traffic, but also in connection with air shipment of fresh fish, fruits and other perishable goods.

Because of our insular position, any boat, rail or highway link with the mainland, no matter how excellent, is subject to seasonal or accidental interruption and cannot be developed to give the steady continuity and rapidity of interprovincial transport which the other provinces of Canada enjoy. For this reason, the full development of air services in relation to Prince Edward Island are of even greater importance than elsewhere.

(9) THE CHIGNECTO CANAL

All of these Boards have endorsed the proposal for the construction of this canal. They are convinced that since it would make available to this Province a much shorter water route to the Eastern Seaboard of the United States and the Bay of Fundy area, it would open to our producers new and better markets for potatoes, turnips, poultry, dairy cattle, breeding stock, and many other of our natural products, and would provide a quicker and cheaper route for many of our imports.

(10) THE FEED GRAIN ASSISTANCE ACT

These Boards urge that this Act be made one of permanent national policy so that livestock breeders and producers can proceed with the assurance that their feed costs will not be suddenly increased by legislative changes. It should be borne in mind that the present importations of feed grains to this province under this Act represent the amount of feed grains that local grain production leaves us short to enable us to maintain our present livestock production. The operation of this Act makes possible the maintenance in this province of much larger numbers of live stock and poultry than would otherwise be possible. The maintenance here of these larger numbers operates for the permanent benefit of agriculture and is particularly important in maintaining the fertility of our soil and aiding in the prevention of soil erosion. The obtaining of grains under this Act leaves available for permanent pasture large tracts of land suitable for that purpose, but which in grain production would suffer from erosion.

We cannot maintain the requisite pasturage for our live stock population, and for that which we are capable of developing, if more land must be devoted to the production of grain for feed. Western feed grains are more suitable for milling and storage than are grains produced locally. This imported grain has a low moisture content as compared with that of Prince Edward Island grain, which is comparatively high. Western grains lend themselves particularly well to inclusion in feed mixtures.

Many farmers have their own grinding and mixing machinery on a small scale, and there are fifteen large

commercial feed mixing plants using Western grains. These plants perform an essential service of very great value to our farmers. The continuance of this method of supply processing and distribution is definitely contingent upon the continuance in effect of the Feed Grain Assistance Act. It is much more satisfactory from every standpoint that grains be imported here for grinding and mixing, rather than that our farmers shall be obliged to import ground mixtures which would cost very much more.

Livestock breeders must of necessity embark on a long-term program in the development of quality herds and flocks. They must provide themselves with buildings and equipment involving a large capital outlay. It is, therefore, highly important that security in this industry be established. One big step towards creating this condition of necessary security will be in making the Feed Grain Assistance Act one of permanent national policy.

The Prince Edward Island Federation of Agriculture is greatly concerned over this matter and is urging the retention of this Act as a permanent Canadian policy. That body, which fully represents the opinion of the farmers of this Province, completely endorses the representations under this heading contained herein, and have authorized us so to state.

Official agricultural opinion is the same. We quote from a speech delivered under date of March 18th, 1949, by Mr. W. R. Shaw, Deputy Minister of Agriculture for Prince Edward Island:

" Last week we indicated that we might be able to give some figures on quantities of grains coming into the province of Prince Edward Island under the Freight Assistance Policy. The original assistance per ton was \$7.90. Owing to freight rate increases, however, which took place during 1948, the freight assistance rate per ton is now \$10.30. The Assistance Policy came into effect in October, 1941, and since that time 326,149 tons have been shipped into the Province of Prince Edward Island and have received freight assistance. In breaking this down we find that it amounts to the following:

Wheat	2,931,840 Bus.
Oats	3,116,056 "
Barley	3,219,221 "
Rye	5,329 "
Screenings	1,690 tons
Mill Feeds	96,119 tons

If the two latter items were converted into bushels of barley, the total bushels imported into this province under the policy would amount to 13,347,446 bushels.

I have a deep appreciation of what the Freight Assistance Policy has meant inasmuch as I represented this province through the Canadian Federation of Agriculture and otherwise, in urging the establishment of an Assistance Policy on grains coming to Eastern Canada. Every effort should be made to provide for the continuance of this policy as a part of a permanent national plan on livestock feeds."

(11) TRANS -CANADA HIGHWAY

These Boards are unanimous in urging a definite and early decision as to the actual program and route to be undertaken and followed in this matter! It is highly important that a definite and detailed project be made public without delay, because other highway and transportation plans ought to be shaped in reference to it. All of the Boards urge the inclusion of Prince Edward Island on a generous and truly provincial scale in the highway project.

(12) CO-ORDINATION OF AIR AND SURFACE TRANSPORTATION

These Boards strongly urge the initiation of a policy of co-operation and co-ordination in reference to all forms of transportation, so that speedier services and greater efficiency may be obtained, and so that each form of transportation, whether rail or highway or air, will be devoted more exclusively to the function which it is best designed to serve. These Boards feel that such a policy will enable our railways to adopt a better and speedier freight schedule, will do away with mixed freight and passenger trains, will result in the speedier transport of mails and will enable passengers from distant parts of the province to make mainland connections without encountering many of the delays which they now meet.

(13) RURAL MAILS.

The slow transport of rural mails is one of the matters which all of these Boards are desirous of seeing remedied. In Eastern King's County and elsewhere in the Province, the present system of transport results in delays of twenty-four hours or more in the distribution

of mail for these points arriving at Charlottetown and Summerside. This rural mail situation is a serious handicap to business throughout the province, and heavy losses have occurred where permits for shipments and similar documents have not arrived in time due to this slowness of transport. Illustrations of these delays in rural delivery in various sections of the province are as follows:

(1) All mail destined to points in King's and Queen's Counties east of Charlottetown, must first arrive at the Charlottetown Post Office in order to be sorted. Mail arriving at Charlottetown on the noon plane from Moncton, about fifty percent of the time does not reach the Charlottetown Post Office in time to be dispatched on the train going east at two-thirty p.m. This eastern train runs only once a day, except in the winter months, when there is an early morning train from Charlottetown to Souris, three days a week, which carries mail for Mount Stewart, Morell, St. Peter's and Souris only. With this very limited exception, all eastern mail arriving at the Charlottetown Post Office subsequent to the time when that eastern mail is made up to catch this two-thirty p.m. train, must wait for transport by that train on the following day. This results in a delay, in some cases, of more than twenty-four hours, during which time the mail in question is lying at the Charlottetown Post Office. The mail going east on this two-thirty p.m. train, or south on the Murray Harbour train at three-ten p.m. each day, arrives at such points as Souris, Montague, Cardigan, Georgetown, Murray Harbour and Murray River in the evening, and is not, as a rule, sent out from these

local distributing centres for rural delivery until the following morning. The mails outgoing from these points are carried on trains leaving said points at an early hour in the morning, so that it is quite obvious that a reply to incoming mail at these points cannot be dispatched until about thirty-six hours after the incoming mail arrives. This lengthy delay, coupled with the delay at the Charlottetown Post Office already referred to, makes for a total delay which is very great. It can be seen from what is stated above that the total delay may in some cases be as great as sixty hours.

(2) The western part of the province is served by airmail three times daily. The evening mail arrives at Summerside on the six o'clock plane from Moncton too late to catch the six-ten p.m. train from Summerside west. Consequently, it does not reach areas west of Summerside until, in most cases, late the following evening thus involving a delay of about twenty-four hours.

(3) The areas between Borden and Charlottetown, and between Charlottetown and Summerside encounter somewhat less delay in deliveries than in the areas already referred to, but in these areas also, transport by motor from Charlottetown each evening would eliminate a delay of approximately twenty-four hours.

These Boards are of opinion that during the greater part of the year at least, delivery of mails from the central office at Charlottetown to rural distribution centres should be by motor transport.

(14) HARBOUR AND PORT IMPROVEMENTS

(a) The Charlottetown Board of Trade has been concerned for many years in regard to the inadequacy of terminal facilities at this excellent port. Charlottetown Harbour is recognized as one of the finest natural

harbours on the Atlantic coast. A fairly recent hydro-graphic survey has established that the lowest depth of water in the approaches to and inside the harbour itself at dead low tide is thirty-eight feet, except immediately alongside the old piers, so that it is clear that this harbour offers adequate accommodation for the larger class of ships.

Except for the Railway Wharf, where some improvements have been made, the class of wharf now existing in Charlottetown is similar to that which accommodated small sailing vessels and coastal steamers many years ago. Large steamers, desirous of making Charlottetown a port of call, have been prevented from doing so because of inadequate docking facilities, and because of the shallowness of the water alongside the old piers, where dredging is required. With modern docking facilities, this harbour would be able to accommodate freight and passenger vessels of the largest and finest types. All of these Boards concur in the submission by the Charlottetown Board of Trade, in reference to the pressing need for the immediate installation of adequate terminal and docking facilities at this port, and all are agreed that the provision of these facilities is essential to the development of our trade, including our trade with Newfoundland. Charlottetown is not only the capital of Prince Edward Island, but is also the economic centre and the main assembling and distributing centre for our exports and imports.

(b) The King's County Board of Trade is desirous of drawing to the attention of the Commission, the situation in reference to the port of Montague. Montague is a busy and

and progressive town at the head of the Montague River, in the centre of a fine agricultural district, and from this centre there is shipped by rail and water transport, a very large quantity of farm produce. More coastal vessels trade out of Montague than out of any other port in the Province, and much of this trade is with Newfoundland. Small coastal steamers also use the port. It is also a distributing centre for gasoline and fuel oil, and oil storage tanks are maintained there, which, to a large extent, are supplied by oil tankers. If this port is to be kept open and made available for the above shipping, and if this trade is to be developed and increased, it is imperative that dredging be done immediately at Montague itself, and in the upper reaches of the Montague River to the wharves at Montague.

(c) The Alberton-West Prince Board of Trade submits that immediate dredging is required at the Alberton Harbour mouth, and that the availability of this excellent port will be greatly curtailed if this work is not proceeded with forthwith.

(d) The Eastern King's Board of Trade desires submissions made in reference to the necessity for harbour improvements, and for improvements to the Souris breakwater. This port is not only a great fishing centre, but is also the outlet for a very prosperous agricultural area. Additional terminal facilities, considered essential, include the provision of livestock pens and sheds on the piers.

(e) The Boards of Trade of King's County also submit that dredging at Cardigan and Murray Harbour is necessary in order to keep these ports in operation, and

urge dock improvements at the very excellent harbour of Georgetown. This last-mentioned harbour is recognized as one of the best in eastern Canada, and is ordinarily open and free from ice in the early winter season when other ports of the province are inaccessible because of ice.

(f) The Summerside Board of Trade submits the necessity of general pier and harbour improvements to increase the capacity and efficiency of the excellent harbour at Summerside, and refers specifically to the conditions of the wharves, which are now unsafe and unfit for traffic. Motor tracks carrying loads of produce to the warehouses on these wharves cannot safely proceed with full loads, and are compelled to put off part of their loads before venturing on to these wharves. In order to remedy the condition complained of, immediate improvements are required to be made to the wharves in question.

(15) MAGDALEN ISLANDS SERVICES

The chief port of call and headquarters for the steamer route between Prince Edward Island and the Magdalen Islands has been at Souris in King's County for very many years, this being the nearest port to the Magdalens. The subsidized steamer serving the Magdalens was recently diverted from Souris to Charlottetown. An important part of the business between this province and the Magdalen islands originates at Souris, and these Boards submit that Souris should be made a port of call for the Magdalen Islands' boat on her passages to and from Charlottetown and the Magdalens.

(16) BUS SERVICES

Transport by bus is highly important in this thickly settled agricultural province with its large rural population. Railway passenger service, however efficient, cannot compete with bus service here in time or mileage schedules or on the count of passenger convenience. It is essential that mainland bus connections be improved. Buses are now prohibited from maintaining a through bus schedule on the Borden-Tormentine route, because on each occasion of crossing, the bus must take a chance of space being available, as none is reserved. On the Wood Islands route, the ferries in service have not sufficient capacity to carry buses on regular schedule. Some years ago, when the railway objected to buses being driven on to the piers at Borden and Tormentine with passengers for the car ferry, the bus lines were compelled to sign an agreement to pay \$1.50 per trip for the privilege of driving on to the piers during the months of June, July, August and September, and \$1.00 per trip during the other months. It does not appear to these Boards that any legal authority exists for the collection by the railway of these charges. Under existing conditions, bus passengers on the Borden-Tormentine route are unloaded from the buses at the piers and must use the steep, uncovered motor car ramp in all weathers for going aboard and ashore. This service will not be satisfactory until boats are furnished capable of carrying these buses with their passenger loads on regular schedules.

All of which is respectfully submitted: Frank W. Curtis, President, The Charlottetown Board of Trade; T. Earle Hickey, President, The Summerside Board of Trade; Peter Pate, President, The Alberton-West Prince Board of Trade; Robert N. Dawson, President, The Crapaud-Victoria Board of Trade; Bruce L. Stewart, President, The Eastern King's Board of Trade; and Robert K. Clements, President, The King's County Board of Trade. H. F. MacPhee, K.C. counsel for the above Boards of Trade.

MR. COVERT: Then I thought if Mr. MacPhee wanted to make any comments on the brief he might do so.

MR. MacPHEE: Well, we have some witnesses who are in a hurry, and we would prefer to call them. The first of them would be Mr. Thomas Kickham.

THE CHAIRMAN: A good many of the matters in the brief, of course, are the same as we have covered already -- ferry service, freight rate zoning, and so on. Is there any new light to be cast on those questions?

MR. MacPHEE: We will try to confine our evidence to new matters.

THE CHAIRMAN: To new matters; good. Are you calling a witness?

MR. MacPHEE: Mr. Thomas Kickham.

THOMAS J. KICKHAM, called.

THE CHAIRMAN: Mr. MacPhee is acting for whom?

MR. COVERT: He is acting for the Boards of Trade.

EXAMINED BY MR. MacPHEE:

Q. Mr. Kickham, you are from Souris?

A. That is right.

Q. And you are with the Board of Trade there, the East King Board of Trade?

A. Past President of the Board of Trade. We have the present President here to-day.

Q. And you are the Member of Parliament for Kings County?

A. For Kings County.

Mr. Chairman and gentlemen, I shall be very brief in my remarks; I just wish to add a voice of welcome to all you men from outside the province, and say that we are

vitally interested in the Dominion Government initiating a Trans-Canada Highway programme. I need not say anything further on that.

We are also urging that an air-strip be built at Souris. As you know, we are very strategically situated, and we have a dairy industry, and shipping goes to New York, Montreal and Boston markets. We feel, as I have already said, that we are geographically situated here in the Gulf of the St. Lawrence, Souris being the nearest port to Port aux Basques, and planes coming from the mouth of the St. Lawrence, we feel there should be an air-strip at Souris, Prince Edward Island, to encourage the dairy industry and all the fruit industries that we can foster in Prince Edward Island.

I also concur in the brief presented by the Premier of Prince Edward Island as to promoting mail services. You people already have that. I concur fully in the brief, and our Boards of Trade concur fully in the brief, that has been presented already by the Premier of Prince Edward Island.

We also are asking why the boat which had plied previously between Souris, Pictou and the Magdalen Islands has been taken off that schedule.

THE CHAIRMAN: Q. Since when?

A. Since last spring, sir. That boat no longer calls at Souris. It has been calling at Souris for the past sixty years, and the people not only in Prince Edward Island and the eastern portion of the province but also the people of the Magdalen Islands are asking why that boat has been taken off that route.

MR. O'DONNELL: Q. What boat is that?

A. The Magdalen boat. She is a Government-

Mr. Kickham

subsidized boat.

THE CHAIRMAN: Q. Has she been put on another route?

A. Yes, she has been transferred to Charlottetown -- Charlottetown, Pictou and Magdalen Islands. We are asking for one call each week at the port of Souris. She is a Government-owned subsidized boat, and we feel that we have been unjustly treated by the boat being taken off that schedule.

I think that is all I have to say, gentlemen.

Q. Mr. Kickham, have you taken this matter up with anybody in the Government?

A. Yes, we have taken it up with the Transport Minister, Mr. Chevrier, and to date we have had no satisfaction. The reply was that we did not have the accommodation at Souris to accommodate the boat.

Q. Do you mean harbour accommodation?

A. Harbour accommodation and storage accommodation. That is the excuse that the Fraser Steamship Company made to our Board of Trade.

Q. Well, there must have been harbour accommodation, since the service did run for a while?

A. That is right. There is plenty of harbour accommodation there.

Q. What about tourist accommodation?

A. Pardon?

Q. What about the other, passenger accommodation? Is there passenger or freight --

A. Well, it is very good. We just cannot see why the boat has been taken off that schedule. The accommodation we believe is sufficient to warrant the boat coming into the

port of Souris. We have had it for sixty years on that run. We just cannot see why the Minister of Transport allowed that boat to come off that run.

Q. Now the new route is from Charlottetown to Pictou and then to Newfoundland?

A. She used to call twice at Souris; she would leave on a Tuesday --

Q. I meant the Magdalen Islands.

A. They never call at Souris at all; so we would ask you men to do the very best you can to give us one trip a week at least. Thank you.

MR. MacPHEE: Mr. Profitt.

R. A. PROFITT, called

EXAMINED BY MR. MacPHEE:

Q. Mr. Profitt, you live at Freetown?

A. Yes.

Q. You are a farmer, I believe?

A. Yes, sir.

Q. And associated with the Federation of Agriculture?

A. Yes, sir.

Q. You wish to make a statement, I believe, as to the Feed Grains Assistance Act?

A. Mr. President and honourable gentlemen, my statement, too, I think, will be very brief. I should like, though, to make a few points before this Commission in regard to the position we are in as to our supplies of feed grain. I should like to point out that need of feed grain goes back long before 1941 -- long before that. I remember back after the First Great War the farmers in this country, realizing that the fertility of the soil was being depleted,

that we had a limited acreage, and that we had the matter of erosion and other things to contend with, were forced into a livestock programme on our farms. We were able to get corn from the United States, but the corn supply was irregular and the price varied and so on. We were asking from time to time and trying to get some supply of grain from Western Canada. We did know, however, that the grain was going overseas, and it was possible at that time to have grain shipped to Norway or Denmark and brought back again to Canada cheaper than we could get it from western Canada.

However, I happened to be in with the Federation of Agriculture when this idea was worked out of the freight assistance policy, whereby the grain could be brought from Western Canada and be fed here in eastern Canada, and I may say that it has been a life-saver to this part of the country.

We have no choice in the matter, gentlemen; we cannot shift over to-day from a livestock policy to any other policy that I know of in this country. Our acreage is limited; we grow every pound of grain we can grow; we just have so many acres for pasture, so many acres for hay, and so on. We have increased our production, no doubt, in hogs and everything else, and our production at the present time is carried on just to balance an economy and make a workable unit on our farms.

We feel that since this grain assistance policy was brought into being it has perhaps meant more to Canadian agriculture than any other one thing, in the matter of stabilization. Not only have we had a sense of security here as eastern feeders, but the western producer of grains has had a security that he has never known before, that is,

in price and the market. I do not believe it was ever realized that the eastern feeder could consume or could handle as much grain as has been handled.

Now, just speaking from my own standpoint, I am a small farmer on Prince Edward Island. I have specialized in livestock for the last thirty years. I grow all the grain I can; I might average 1500 bushels per year on my farm of 140 acres. That varies, of course; I have had over 2000, and I have had 500; but in addition I buy about 30 tons of western grains of different kinds.

We are geared up to a livestock programme to produce the needs, the requirements of our Canadian people in bacon, eggs, milk, cream and so on; we are geared up to give you a continuous supply of those commodities which you need for your table, and we do feel that this freight assistance policy has been the one thing that has made this whole thing possible. We have some security, and our western Canadian producer of grain has some security in market and price. The man in your position has some security as to the supply that he is going to receive of food for his table, and the manufacturer in the centres has some security as to the selling of his manufactured product.

Now, the whole thing as I see it from a farmer's standpoint is just a workable arrangement whereby we eastern feeders who have established this livestock programme, which is a long, tedious, hard programme, which requires hours and hours and hours of chores every day of the week, are willing to do it -- why? We have to do it. We have no other choice. We cannot go into grain growing; we cannot go into anything else; we are here. The fertility of our soils is a number one problem, and I cannot see from the

standpoint of the eastern Canadian farmer that there is any other choice.

I would like to make those points before this Commission, that this has meant a great deal to this province, and we never realized that our people would get harnessed up to handle as much grain as they have handled and still be producing all the grain they possibly can. It is true that some fields are left down to pasture that should never be cropped.

Gentlemen, I think that is all I have to say, unless there are some questions.

MR. COVERT: No questions.

MR. O'DONNELL: I might just ask a question or two.

CROSS-EXAMINED BY MR. O'DONNELL:

Q. Your market for livestock has been good in the past few years, has it not, Mr. Profitt?

A. Yes, very good.

Q. Exhibit 60, which is the Report of the Department of Agriculture, says in part at page 13; speaking of 1948:

"An unusual demand has existed for dairy cattle and 2,159 animals were shipped to outside markets during the year, of which 1939 went to United States centers. Prices for grade cows have ranged up to \$300 with registered animals substantially above that level."

What would a good registered animal bring?

A. They vary, but the buyers from the United States would pay \$400 to \$450, in that vicinity, for good straight cows.

Q. And you shipped quite a few of those out last year.

Then you would agree with this, I take it :

"The demand for beef cattle has also been exceptionally keen with top grading steers bringing as high as 18¢ to 18½ at some seasons of the year. With the shortage and high cost of labour beef production has proved a satisfactory project. About 3,530 animals were exported in 1948."

Do you export any animals yourself?

A. Well, sir, I don't generally, unless -- I am in the dairy business, and I think a great bulk of those animals sent away from this province would be just dairy animals that are unfit for dairying any longer and are turned into beef.

Q. Incidentally, you have part of your farm, I take it, in pasturage for your herd?

A. Yes, sir.

Q. How many cows have you?

A. Well, I keep about ten milch cows, twenty-five head in all.

Q. And some parts of it in hay, I suppose, each year?

A. Each year.

Q. The hay crop this year is good, is it not?

A. Yes. We could have ploughed up a couple more fields if we had known.

Q. It is very good, and the price is going to be fairly high, from the reports at the present time?

A. Well, there is no demand here in this country for it; you can't sell it.

THE CHAIRMAN: Q. There is no demand?

A. No.

THE CHAIRMAN: You said the price is going to

be high?

MR. O'DONNELL: I suggested to him that it might.

Q. Have you seen the report which appeared in the Charlottetown Patriot of July 26?

A. I don't think I did.

Q. It reads as follows:

"FARMERS ADVISED TO HARVEST ALL HAY CROP

"Island farmers are advised on expert authority to harvest all their hay crop this summer.

"This is the advice of Donald E. Black, M.P., of Eastern Townships, Quebec, one of the best known dealers in the Dominion.

"Premier J. Walter Jones advised the Patriot this morning that he had received numerous inquiries from perplexed farmers. Mr. Jones immediately contacted Mr. Black whom he considers one of the best authorities on the subject. Here is the Quebec M.P.'s wire to the Island Premier.

"Would advise your farmers to make all their hay. Market very strong. Short crop in United States and mostly Eastern Canada. Letter following to-night."

You say if you had known about that you would have plowed up a few more acres?

A. Yes, and grown more grain instead of so much hay.

Q. Well, in any event, the report that now comes is that there is going to be a demand for hay; is that right?

A. We just know this, that we have stacks and stacks left over from last year, and tons and tons that was not saleable last year.

Q. Well, this year?

Mr. Profitt
Mr. Morris

A. Well, we doubt if it is going to be saleable this year at a price at which we can put it up.

Q. But it is being cut and harvested, so to speak?

A. Well, there is a lot of it not being cut.

Q. Well, in any event, the latest report is an encouraging one, to say the least, is it not?

A. For hay.

Q. Thank you very much.

THE CHAIRMAN: Thank you very much, Mr. Profitt.
Anybody else?

Mr. MacPHEE: Mr. Morris.

P. L. MORRIS, called

EXAMINED BY MR. MacPHEE :

Q. Mr. Morris, you live in Kinkora?

A. Yes.

Q. And you operate a feed mill, I believe?

A. Yes, feed manufacturing.

Q. And obtain your supplies under this Act that Mr. Profitt was discussing?

A. Yes, from western Canada.

Q. You wish to make a statement?

A. I will just say a few words as far as feed manufacturers are concerned.

MR. COVERT: Q. Will you speak a little louder, please?

A. As you are aware, livestock and poultry feeding has become quite a specialized business all over the world, and Prince Edward Island is no exception. Before this Act came into being it was the practice of the farmers to take their grains to small mixing plants where they had

them crushed. Those small plant had no facilities for blending or mixing feeds. They were unable to put them up in what we call a balanced ration. The result was that there was very little balanced feeding going on in Prince Edward Island; in fact, the balanced feeding that was carried on was mostly from imported balanced feeds from Ontario and Quebec, which were at very high prices. Since this Act came into effect in 1941 there have been fifteen modern feed-mixing plants started in Prince Edward Island. Those plants import the round western grain, mostly in bulk. In addition they also grind the farmer's own grown grain and supplement it with the grains from western Canada. What I mean by that is, in order to make a properly balanced ration, a farmer may have barley and oats of his own growing, and at the same time want a feed made up for some particular line of poultry. In that case those mills will supply the wheat at a reasonable price, grind them and mix them with the necessary proteins and minerals, giving the farmer a completely balanced ration in the most economical way that he can get his grains to livestock.

In addition to this custom work as far as the farmers are concerned, those mills put up a balanced commercial feed. In fact, at the present time they supply what is estimated at well over half the commercial feeds sold on Prince Edward Island.

I believe if this Act were made a permanent national policy there would be a number more mills open up and extend this economical service to a greater percentage of the farmers. On the other hand, should this policy be discontinued, it is my belief that the mills now operating

on the Island would certainly have to discontinue, because they could not derive enough revenue from doing the local farmers' grain. The biggest part of our work, you will understand, is the commercial manufacturing. This, of course, lets us do the farmer's own custom work.

I think that is all I have to say as far as the mills here are concerned.

THE CHAIRMAN: Any questions?

MR. COVERT: No questions.

THE CHAIRMAN: Thank you very much.

MR. MacPHEE: We have four more witnesses, Mr. Covert, four more short witnesses.

MR. COVERT: I think we might finish one.

THE CHAIRMAN: Well, we will try.

MR. MacPHEE: Mr. Shaw.

GORDON SHAW, called

EXAMINED BY MR. MacPHEE:

Q. You live at Brackley, I believe, Mr. Shaw?

A. That is right.

Q. And you operate a summer hotel there for tourists?

A. That is right.

Q. How long have you operated the hotel?

A. About ninety years.

Q. That is, you and your family?

A. Yes, our family.

Q. And you yourself have been active in the management and operation how long?

A. Oh, twenty.

MR. COVERT: Twenty years?

MR. MacPHEE: Twenty years.

Q. And your guests come from where principally?

A. Montreal, Toronto, Ottawa and Quebec, generally.

Q. And you wish to make a statement about tourist disabilities in reference to transportation?

A. Your lordships, I have been asked to tell you the story, at least to tell you what people think of the rail service from Moncton to Charlottetown. Invariably the first question they put to me when I met our guests is, "What a dreadful trip from Moncton -- is it always like this?" Well, there is not much of an answer I can give to that. It is invariably late. The biggest kick is the fact that the railway officials do not tell them why the delay. They will sit at the pier perhaps at Borden for an hour, and nobody tells them why, and they just don't understand it. The repeat performers who come back have begun to use the air services or bring their own cars. I do not think I have been fifteen times to the train this summer, whereas it used to be every night. They can't understand why, to come 125 miles, it takes six hours. Of course, that is a question of transportation.

The only good thing I can tell you about it is, they all like the boat service, the boat trip.

THE CHAIRMAN: Q. They like what?

A. The boat trip across the straits. That is one thing they all agree is nice.

I think that is about all I can really say -- nothing good.

THE CHAIRMAN: Any questions? (No response).

All right, thank you very much.

Now we will adjourn until two-thirty.

---The Commission adjourned at 1 p.m. to resume at 2.30 p.m.

Charlottetown, P.E.I.

July 27, 1949.

AFTERNOON SESSION

MR. COVERT: Mr. Chairman, in continuing the Board of Trade brief, I would ask Mr. MacPhee to call his next witness.

JOHN H. MORRIS, Called

EXAMINED BY MR. MacPHEE:

Q You live in Charlottetown?

A Yes.

Q I believe you are President of the Junior Chamber of Commerce?

A That is right.

Q I believe your group has been making a study of the tourist business of the province, and have given consideration to the transportation difficulties which we encounter in relation to that business, and that you have a statement to make under that heading.

A I have. We have already tried our best to make provision for tourists on the Island, and we found, through having motion pictures shown to employers, hotel managers, and so on, that the main thing brought up is our transportation to the Island.

We find that the car ferry between Borden and Tormentine does not make enough trips, and consequently tourists have to wait long periods of time at the piers on both sides where there are no proper rest room facilities. We have definite knowledge of tourists travelling

by automobile who have turned back in disgust from the pier at Tormentine, and did not come to Prince Edward Island. Many tourists travel by automobile, and how can we build up the tourist business when these things take place?

Train passengers coming to Prince Edward Island have similar complaints about the long delay. We suggest that passenger train cars be carried over on the boat when circumstances permit except at such time when there might be very heavy freight congestion, which is not usual during the normal tourist season.

Bus passengers, who constitute a considerable part of the tourist traffic, and who travel quite extensively by the Borden-Tormentine route, are inconvenienced by the fact that buses are not carried on the ferry, and consequently the passengers have to walk up the long automobile ramp and down again on the arrival side, irrespective of weather conditions or of the age of the passengers. Luggage also has to be transported over these ramps.

At Wood Islands and Cariboo, where the other ferry service to and from Prince Edward Island operates, buses can get in close to the ferry, and the inconvenience to bus passengers is less. Rest room facilities at all piers have been the cause of further serious and caustic comments from tourists.

Additional ferry facilities are badly needed on the Borden-Tormentine and the Wood Islands-Cariboo routes. We know of some people who could not get over on the Wood Islands-Cariboo route and drove all the way

around to Cape Tormentine only to find no crossing, or a further long delay. I wish to state that cars coming from the mainland have to rush from point to point to catch a ferry. The ferry may have too many cars waiting and they cannot get on and they drive ninety miles around to Borden or Tormentine and find that car ferry has either sailed or that it is packed, meaning that the cars do not get over that day so they just do not bother coming back.

MR. O'DONNELL: Q. Where do you say that is?

A That is at both Cariboo and Cape Tormentine.

COMMISSIONER ANGUS: Q. Are there any arrangements for making reservations ahead on the ferries?

A I do not think so. I do not think anyone handles that.

MR. COVERT: Q. You mean they have to take their chances?

A True. I have met it myself, and I think quite a few here have met it. We have no complaint about the airway and bus systems. We find them very satisfactory. I wish to conclude by saying that there are opportunities for young people on Prince Edward Island in the tourist business. There is a group of young businessmen keenly interested in the development of our province, and they are deeply concerned with the transportation situation which makes it so hard for our people to take advantage of the really magnificent tourist attractions. We want to make a living in our native province, and the tourist business offers many of us not only an opportunity of rendering service but also of adding to our earning capacity.

EXAMINATION by MR. COVERT

Q Does that finish your statement?

A Yes.

Q You have made a study of this, and you have definite cases where tourists have turned back. Has the Junior Chamber of Commerce kept any records or statistics in that matter?

A No, we have not taken down names. They wish not to give their names, but we have quite a few in the Chamber that can verify that statement.

MR. COVERT: Thank you. Are there any questions?

MR. O'DONNELL: I might just say this, Mr. Chairman, with respect to the toilet facilities. During the past two years, as I understand it, while construction work has been proceeding at Borden and Tormentine on the new dock facilities to accommodate the Abegweit, up to date restroom facilities have been lacking, although there are flush toilets at both ends available to tourists.

On Wednesday last, July 20, I understand that advice was received here from the Department of Transport that the contract had been authorized by Order in Council passed that day to proceed with the work in connection with these facilities.

THE CHAIRMAN: Where?

MR. O'DONNELL: At Borden and Tormentine. On the following day, July 21, the County Construction Company received an official letter confirming this. This is the information I have. In the local newspapers on the same

date, last Thursday the 21st of July, this information is given to the public. It occurs to us that this information might have been conveyed to the Commission instead of the statements and inferences to the contrary which have been made. There was an exchange of telegrams between the Deputy Minister of Transport and the Board of Trade, which was published verbatim on Thursday last, the 21st instant in the Charlottetown Patriot. The heading of the article is:

"To Commence Work at Once on Restrooms at
Ferry Terminals."

The article reads:

"The Charlottetown Board of Trade which has been continuously pressing for restrooms at Borden and Tormentine piers forwarded the following telegram in this connection recently."

Then they quote the telegram to the Deputy Minister of Transport.

"It would be greatly appreciated if you would advise us of present situation re construction of restrooms at Borden and Tormentine, second tenders for which closed June 12 last. Constant complaints again this year from tourists to this province emphasize the great need for expediting construction of same without delay.

Charlottetown Board of Trade

per A. Walthen Gaudet
Secretary'

The following wire has been received in reply.

Ottawa, July 20

'Charlottetown Board of Trade

Attention A. Walthen Gaudet

Secretary.

Order in Council has now been received and contractor has been advised to proceed with work immediately. Low tender was submitted by County Construction Company Ltd., Charlottetown.

J. C. Lessard,

Deputy Minister of Transport'"

Page 5185 follows

That was information that was currently available last Thursday here, and in fairness I think it might have been drawn to the attention of the Commission.

MR. CAMPBELL: May I be permitted to say, in connection with what Mr. O'Donnell has just said, that my instructions are that the restrooms which are now being hurried to completion after twenty-two years of the service existing there, and no restrooms, that they will be completed by the end of the year 1950. I wonder if my friend could give us any advice as to whether they could be any more expeditiously constructed. They will be ready by the end of the year 1950.

MR. O'DONNELL: I have no information concerning the matter other than what was publicly known on Thursday last.

THE CHAIRMAN: Any further questions? Thank you very much.

GEORGE P. THOMPSON, Called

EXAMINED BY MR. MacPHEE:

Q Mr. Thompson, you live in Charlottetown?

A Yes, sir.

Q I believe you are Manager of Associated Shippers Incorporated?

A That is right.

Q I believe that is a company carrying on business here in the exporting of produce, primarily potatoes?

A That is right.

Q Are you one of the larger dealers operating here?

A Yes, we handle about one-tenth of the crop.

Q What volume did you handle last year?

A Slightly over one thousand cars.

Q That would be how many bushels?

A Over 820,000 bushels.

Q Is yours the largest of the --

A No, I do not think so. I think probably Canada Packers ship more than we do, and H. V. Willis has been a large exporter. I don't know what his volume is.

Q How many large firms are there?

A There are six in Charlottetown.

Q Where is most of it sold? Where are they shipped to?

A I would say 90 per cent of what we ship goes to the United States.

Q And the rest, the other 10 per cent?

A In Canada.

Q That would be chiefly the Central Provinces?

A Yes, it depends on the year. Last year, the crop of 1948, we did not have a large market in Canada for potatoes, and we had a large market in the United States.

Q They are shipped by rail mostly or by steamer?

A Last year the total shipments of certified seed were 4,259,985 bushels of which 911,442 bushels were shipped by water from the Island, or slightly better than 20 per cent.

Q What ports would you use for shipping these potatoes?

A Summerside, Charlottetown, Georgetown and Souris.

Q I believe you wish to make a statement in reference to necessary improvements in the Charlottetown harbour?

A Yes. I think further docking harbour improvements that will benefit our producers are essential inasmuch as we have such congestion here. We cannot get but a very small portion of the shed to assemble a car-load. The best I can get is what they call two bays which will be probably twice the size of this courtroom whereas we should have twice the size of the present shed.

This shed was built in 1928 when I think probably our total production was around 2,000 cars, and we have now probably around 10,000 cars of potatoes. Those figures I have given you are on the certified seed. I could not get figures on the table stock. They were not available to me, but we ship well over 20 per cent by water.

MR. O'DONNELL: Q. Table stock?

A Not table stock, no. I am giving certified seed only. I could not get the figures on table stock. When we assemble a cargo in this shed down here we are obliged to pile the potatoes to the ceiling, or to the rafters, which is injurious to the potatoes and entails considerable cost in triple piling them whereas, when we are forced because of lack of room to go to Saint John or Halifax, the average height is about 6 feet high. We feel our potatoes are not getting fair treatment. I realize that probably the rail rates are as low as they can be to compete with water shipments, but at the

same time we are up to our limit in water shipments with the facilities we have to handle them, and I feel we should have more room.

I should also like to bring to your attention that the present system of granting permits to obtain cars for exporting potatoes is not very satisfactory. We might get an order from the British West Indies to ship potatoes to Halifax, and we have to go to Moncton to obtain a permit to supply us with a reefer car or a box car to ship that car of potatoes, or cars of potatoes. During the war I felt that was necessary, but now since the war is over I feel that regimentation should be abandoned, and our local traffic department could handle that instead of Moncton.

I have often had a permit that would be effective today and expires today, and the point where that car would be loaded would be at a point where there would be no further trains today, and it is very annoying. It is hard enough to work up an export business, but you do not want to be hampered with unnecessary regulations. I feel if that could be switched to Charlottetown it would be quite a help to the shippers, but the pressing need right in Charlottetown at the present time for our export is more room. I do not mean expensive equipment, expensive sheds, but more or less transient sheds where the potatoes could be assembled in the fall before the severe frost comes, and we would get them moved, but the present sheds do not take care of our requirements.

EXAMINATION BY MR. COVERT

Q Is that your complete statement?

A Yes.

Q In connection with these permits for reefer cars --

A Would you raise your voice a little bit, please?

THE CHAIRMAN: Would you let us know what a reefer car is?

MR. COVERT: A refrigerator car.

Q Is that a refrigerator car?

A Yes.

Q In connection with this permit which you talk about which you have to get at Moncton, do you know the reason for that?

A Yes, I think I can give you the reason for that. During the war I suppose they were intended to prevent congestions. Certain ships were coming to Halifax and Saint John, and it was necessary to control the movement. After the war when we had a sale to Great Britain of over 3,000 cars the Board here that was handling that movement of cars tied up quite a few cars before the boat arrived, and when the boat did arrive I think probably there was some freight coming from Montreal that was held up and that had to go in the bottom of the ship, and the potatoes went in afterwards and tied up the equipment.

Q Have you taken that matter up with the railways?

A Yes, I have on several occasions, and I cannot get any place.

Q When you say you cannot get any place --

A I should not say I could not get any place, but they still continue to handle it from Moncton which I think does not make sense.

Q Do they say that the reasons have not changed, the reasons which caused the initiation of that procedure at Moncton? Do they say the reasons have not changed?

A They do not give me any reasons.

Q Do you say it could be done at Charlottetown as well as at Moncton?

A I feel it could be done by the traffic department of the railway here. They know when the boat is sailing. They have a schedule. They could give us a car where we need it.

Q In connection with these storage sheds - is that what you call them, storage sheds, for your potatoes?

A Yes.

Q You say the facilities that are there now are not large enough?

A That is right.

Q And because of the lack of space what do you do? Does it drive you to some other method of handling?

A Sometimes we get discouraged. We cannot develop the sale of potatoes by water. It discourages it, and if we have to make a sale, or if we want to make a sale to move potatoes we go to Halifax or Saint John which entails an additional expense, probably 20 cents a hundred.

Q Who owns the present sheds?

A I think they are operated under the Department of Transport.

Q Have you taken up with the Department of Transport the question of enlarging the shed?

A Yes, we have, through the local representatives.

MR. COVERT: That is all, Mr. Thompson.

THE CHAIRMAN: Any questions?

MR. CAMPBELL: Mr. Chairman, Mr. MacFarlane did not come back today, and possibly he has gone out of the province. I was asking Mr. Darby about it, and it occurs to me that this witness, although he is a Board of Trade witness, knows the same things as Mr. MacFarlane does, and it would save Mr. MacFarlane going to Ottawa later on if the railway counsel could ask this witness the one or two questions that they had to ask Mr. MacFarlane. I don't know whether or not that meets with approval.

CROSS-EXAMINATION by MR. SHEPARD

Q I have one or two questions that I wanted to ask Mr. MacFarlane in connection with the statement that appears in the provincial brief at page 50, and which apparently was sent in by Mr. MacFarlane to the province. The last paragraph of that statement reads as follows:

"Further increase in freight rates will be unbearable, and one can only feel that our weak resistance in the instance of the first increase has prompted the railways to go after a second boost."

Mr. Thompson, this is not your statement, but I wonder whether you could elaborate at all on that sentence I have just read.

A Well, I don't know. I feel that if you had a

further increase in freight rates, with present water rates as they are, it simply would be driving us into water shipments.

Q I was really more interested in the words, "our weak resistance."

A I did not get that.

Q The words "our weak resistance" which appear in that sentence.

A Weak resistance.

Q Do you share Mr. MacFarlane's feeling that the resistance to the railways' application for increased rates was weak?

A No, I would say it was anything else but weak, from all the publicity we got, and the pressure about increased rates.

MR. SHEPARD: I do not think I will pursue the matter any further.

MR. SINCLAIR: I wouldn't.

CROSS-EXAMINATION BY MR. SPENCE

Q Mr. Thompson, would you look first at page 26 of the brief of the Province of Prince Edward Island. Under the heading "The Potato Industry" there is a long paragraph describing the care that is taken by Prince Edward Island in growing seed potatoes. The fourth sentence in that paragraph reads:

"Both the Dominion and Provincial governments are bending every effort to maintain this freedom from disease and large sums are expended annually

by both governments. This creates the demand for our healthy disease-free seed....."

I understand that you are a dealer in seed potatoes?

A That is right.

Q I believe you said a few minutes ago that last year you shipped about 90 per cent of your potatoes to the United States and the balance to Central Canada. Was that a normal proportion?

A Well, I would say perhaps in certified seed, yes, but not in the total crop.

Q Well, are there other dealers who ship more to Central Canada than you do?

A Yes.

Q Because on page 28 of the brief, about three-quarters of the way down the page, after referring to the acreage in the various provinces, and the small acreage of seed potato certification in Ontario and Quebec, we find the sentence:

"The reason for the decrease in Quebec and the small increase in Ontario is due to the fact that a better quality of potatoes is grown in Prince Edward Island and the growers of Quebec and Ontario depend largely on Prince Edward Island potatoes for planting each year."

A. I would not say each year. The year before last the Province of Quebec bought very heavy from Prince Edward Island, Foundation, and Foundation AC. Last spring we sold very few.

Q Did they buy them elsewhere?

A No, I think they planted Prince Edward Island

seed twice removed or two crops.

Q They buy Prince Edward Island seed and then they use their own seed for two years?

A That is right. That is what I concluded they did.

Q Then they have to come back for more Prince Edward Island seed?

A Yes.

Q On page 50 you will see a reference to a letter written by Mr. MacFarlane. In the second paragraph of that letter this sentence appears:

"The 21 per cent increase has not and never will be borne by the consumer; it amounts to a definite reduction in income to our farmers...."

Then in the next paragraph it reads:

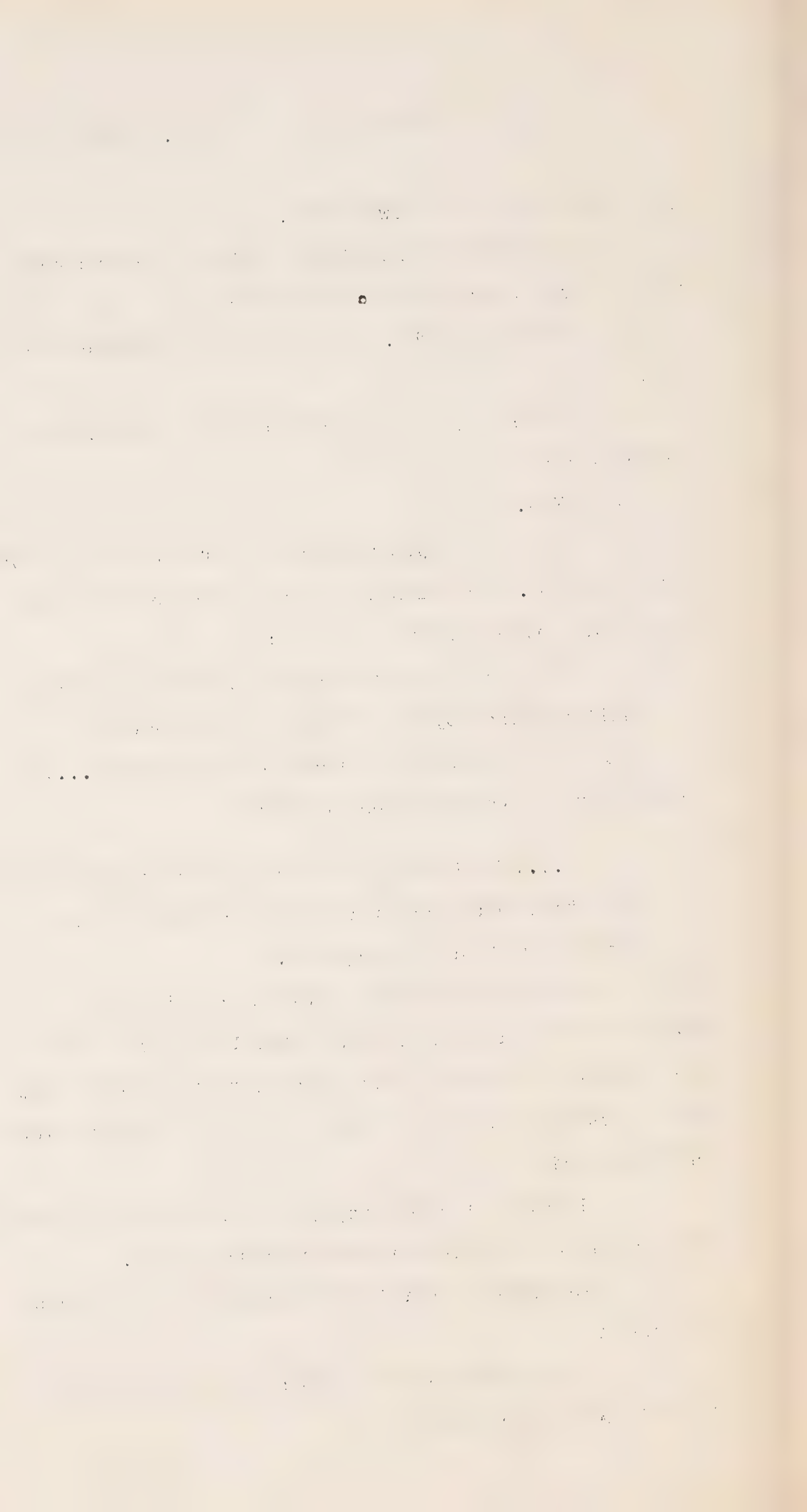
"....the farmer, and all of us for that matter, have to stand increased freight charges on our imports of food and supplies."

Would you say that situation applied only to Prince Edward Island farmers, or would that be so as to farmers, for instance, in Ontario and Quebec, that is, that they have to stand increased freight charges on imported food and supplies?

A I think it would apply to all but probably one would be hurt a little bit more than the other.

Q You suggest that Prince Edward Island would be hurt more?

A On account of the distance I would say they feel it more than others.



Q Take, for example, a farmer growing potatoes in the London area of Ontario. What in the way of supplies does he have to bring in and pay freight rates on?

A To grow potatoes?

Q Yes.

A Probably fertilizer.

Q And that comes from somewhere in Ontario, does it?

A No, potash would come from the American market, southern California and New Mexico.

Q He would have to bring his fertilizer a considerable distance?

A He would have less distance than the farmers of Prince Edward Island.

Q Where does the farmer of Prince Edward Island get his?

A The same source.

Q Would the farmer in Prince Edward Island have a water-compelled rate from California?

A No, I don't think so.

Q A trans tidental rate?

A I cannot answer that question because I am not an importer of fertilizer.

Q Now, what is another item that the farmer in Ontario would have to purchase? For example, he would have to purchase seed potatoes to plant his crop?

A Seed?

Q Yes.

A He may only do that every other year.

Q Even if he does that every other year he is

dependent on seed potatoes from Prince Edward Island when he needs to buy seed potatoes?

A Would it be necessary for him to come to Prince Edward Island for his seed? Could he not get it closer home?

Page 5195 follows

Q. This paragraph on 28 says that the growers of Quebec and Ontario depend largely on Prince Edward Island for seed potatoes for planting each year. So, when they require seed potatoes, they are dependent on Prince Edward Island for them?

A. That theory didn't work out that way last year.

Q. But when they buy seed potatoes, they buy them from Prince Edward Island; isn't that correct? And there is a statement that their crops deteriorate if they do not buy seed potatoes from Prince Edward Island at least fairly regularly; isn't that correct?

A. Yes.

Q. So one of the expenses of the Ontario farmer is seed potatoes brought from Prince Edward Island?

A. Yes.

Q. Do you think the farmer must pay the freight rates on those seed potatoes or not?

A. I suppose so, but the weight or yield of potatoes he would get from that seed would be a very small proportion of the cost of his crop.

Q. But that is one of the disadvantages that the Ontario farmer has in growing potatoes in Ontario?

A. Yes; but I do not consider it much of a disadvantage, because 20 bushels would plant an acre.

Q. But it is a disadvantage in that the Prince Edward Island farmer does not have any planting potatoes?

A. Yes.

Q. Then, it is not correct to say that the increase of 21% is, in every case, borne by the Prince Edward Island farmer?

A. No, but that is a very debatable question. I doubt if anybody could tell where that 21% comes in. A few years ago we had an increase, or a decrease of $6\frac{1}{4}\%$ a bushel of duty on turnips. The farmer here thought he would get $6\frac{1}{4}\%$ more, and the dealer in Boston thought that he could buy them for $6\frac{1}{4}\%$ less, but I suppose they all benefited a little.

Q. Associated Shippers Incorporated are dealers in potatoes?

A. Yes.

Q. And on page 49 there is a letter from George H. Brookins, of Kensington, who is a dealer, and in that letter the procedure followed by dealers and brokers, apparently, is set out. In the second paragraph it says:

"As you probably are well aware we do not set the price at which P.E.I. potatoes are sold on the Montreal and Toronto markets. The usual procedure is for the broker in these cities to wire offering a price delivered for carload lots. Our next move is then to figure transportation costs, which include of course the freight haul, reefer charges and one other item now to be considered, heat charges. We then estimate a nominal figure as our profit, without which there would be no inducement for our remaining in business, and included in this amount is a portion to cover Inspection Fees, Government levy on all shipments, bank discounting charges, plus labour involved in loading. The resultant figure is the amount then paid to the farmer after deducting

the cost of the bag.

"You can easily see therefore, that any increase in freight rates may not be absorbed by the Upper Canadian markets but will of necessity be passed on to the producer."

A. That is the usual method of arriving at the price which you pay the producer.

Q. You would receive a wire here from a broker, let us say, in Montreal?

A. Before the price is established; you mean, when you are beginning your season? As the season advances there is always a price.

Q. Let us start at the beginning. You would get a wire from a broker in Montreal, for instance?

A. Yes.

Q. Offering you so much a car for potatoes?

A. Yes.

Q. And you would make a calculation of the freight charges, of your charges, and of various other smaller items here, or of small items; and the balance, you would say, would be the farmer's return?

A. That is right.

Q. And since you deduct the freight charges from that amount, you would say the farmer bears the freight charges?

A. He would have to bear them; they would come off the cost of the product.

Q. They would come off the cost of the product?

A. Yes.

Q. So you agree with the sentence which reads:

"You can easily see, therefore, that any

increase in freight rates may not be absorbed by the Upper Canadian markets but will of necessity be passed on to the producer."

A. That is right.

Q. But supposing, after you have got this wire, and made this calculation, you then got another wire offering you 15¢ a bushel more for your potatoes, so that the price goes up, let us say, \$150 for the car; and you accept that offer. Who pays the freight rates then?

A. We pay a corresponding higher price for the potatoes we get on a better bid for the potatoes. We figure that a normal profit, and we pay more money for the potatoes.

Q. Yes, but who is paying the freight charges? Or, supposing you do it another way?

THE CHAIRMAN: Where are the potatoes delivered?

MR. SPENCE: They are to be delivered in Montreal, Mr. Chairman.

THE CHAIRMAN: For a certain price?

MR. SPENCE: For a certain price, laid down in Montreal, as I understand it.

Q. Supposing you wire back to this broker saying that you will not sell for the price he offers, and you offer to sell for 15¢ a bushel more. Would that not be the consumer, asking the consumer at the far end to pay the freight charges?

A. What is that?

Q. Would not that be asking the consumer in Ontario or Quebec to pay the freight charges; and if he accepted your offer, I suggest to you it would be, in effect, paying the freight charges, if they are already in the price before?

A. I am just a little bit dense, because I just cannot get that. I do not know.

Q. I am suggesting to you, Mr. Thompson, that it cannot always be the case that any increase in the freight rates is not absorbed by the Upper Canadian market and will, of necessity, be passed on to the producer. Isn't there some doubt about the correctness of that statement?

A. Yes, I suppose there is. I suppose it is not passed on in that case.

Mr. SPENCE: Very well, thank you.

CROSS-EXAMINATION BY MR. O'DONNELL

Q. Your potatoes, Mr. Thompson, sell at a premium, do they not, in the Toronto and Montreal markets, over Ontario and Quebec potatoes?

A. Yes, at a slight premium.

Q. Mr. Scales was here yesterday and he told us that they did. Now, how much is that premium?

A. About a nickel a bag.

Q. Sometimes more?

THE CHAIRMAN: Q. About a nickel a bag?

A. No, I do not think so, Mr. O'Donnell.

Q. And the bag is how many pounds?

A. 75 pounds.

MR. O'DONNELL: Q. 75 pounds, Mr. Chairman. You say that 10% of your potatoes were sold in Canada last year. I take it that means in the Montreal and Toronto markets principally?

A. We sell very few potatoes in Montreal.

Q. Where do you sell?

A. If you are speaking of Montreal, I think that

New Brunswick has the Montreal market.

Q. Then where does the 10 per cent you sell in Canada go?

A. We sell some in Nova Scotia, some in Quebec and some in Ontario.

Q. That is what I had in mind. And in all those places, your potatoes sell at a premium over the local potatoes?

A. Generally.

Q. Owing to their quality. Would you agree that there should be a different freight rate for potatoes for different distances? Should the New Brunswick shippers, with their shorter distance to Montreal, get a more favourable rate than you get?

A. He gets a more favourable rate.

Q. But isn't it right and proper that he should, since he is nearer to the market than you are?

A. I am not prepared to answer that question.

THE CHAIRMAN: Mr. O'Donnell, you use the word "rate" there.

MR. O'DONNELL: Freight rates, Mr. Chairman.

THE CHAIRMAN: And you said "a more favourable rate."

MR. O'DONNELL: Or a lower rate.

THE CHAIRMAN: Don't you mean, rather, the full cost of getting it to the market?

MR. O'DONNELL: The freight rate is basic.

THE CHAIRMAN: How is the rate made up? Is it so much per weight per mile?

MR. O'DONNELL: Per 100 lbs.

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THE CHAIRMAN: Per 100 lbs.

THE WITNESS: The reason why we do not get the Montreal potato market is because New Brunswick is at least a nickel a bag closer to the market. But Montreal is not a quality market; they do not pay any premium for Prince Edward Island potatoes in Montreal. So New Brunswick gets the business.

THE CHAIRMAN: It is only one hundredweight; what about the distance?

MR. O'DONNELL: It is based on the distance.

THE CHAIRMAN: The hundredweight charge is based on the distance?

MR. O'DONNELL: Yes.

THE CHAIRMAN: It is a matter of where you pay by weight on the distance; and it has a more favourable rate.

MR. O'DONNELL: My question was as to whether or not the shipper who was nearer to the market should not get a more favourable rate than the shipper who was further away.

THE CHAIRMAN: You mean should pay less in both cases, because the rate is based on weight and distance?

MR. O'DONNELL: That is right.

THE CHAIRMAN: That is not showing favouritism to anybody.

MR. O'DONNELL: When I say that I mean lower.

Q. Now, in the Toronto market, do you compete with the New Brunswick shipper?

A. Yes, we have to.

Q. And the little that you sell in that market, you do sell in the Toronto market?

A. Some, but a very, very few.

Q. And you get a premium there?

A. No, it all depends on the year. If we get a year like last year there is no premium for quality, I think.

Q. We had a man here who told us, I think, that Prince Edward Island sold at a premium in the Montreal and Toronto markets?

A. If you get a bag of potatoes from New Brunswick, their quality is good; their potatoes were good last year.

Q. Just as good as yours?

A. I would say so.

Q. So it depends on the year?

A. Yes, it depends on the year.

Q. But you have better years more frequently than New Brunswick, on your quality, according to your contentions down here?

A. I would say so, yes.

Q. And the custom you say now is that everybody sells at a delivered price in the Toronto and Montreal markets?

A. Generally. It is very rarely that we make an f.o.b. sale.

Q. You ship into the United States very considerably?

A. Yes, sir.

Q. And do you find the freight rates on potatoes shipped in the United States to be of a higher scale than those shipped in Canada, having regard to comparable distances?

A. I am not prepared to say that.

Q. Have you ever looked into it?

A. I never looked into it.

Q. Have you found that the water rates are higher now than before the war?

A. They are much less.

Q. Much less?

A. We expect to have very low rates this year.

Q. But last year/^{were}they not very much higher than before the war?

A. Yes, slightly.

Q. And you expect that situation to change suddenly this year?

A. No, but we are going to have lower rates this year.

THE CHAIRMAN: What water shipments are possible?

MR. O'DONNELL: He said that he shipped about 20 per cent by water.

THE CHAIRMAN: From where to where?

MR. O'DONNELL: Q. Where would your shipments by water have been last year, Mr. Thompson?

A. We shipped a large cargo of potatoes to Havana, Cuba; that was not a rail point. And we shipped to Jacksonville, Florida.

THE CHAIRMAN: Q. All water?

A. All water, sir.

Q. From where?

A. From right here, to Norfolk, Virginia.

Q. To Norfolk, Virginia. And are these American ships which come up?

A. No. We generally charter -- prior to the war we chartered ships ourselves.

Q. You do your own chartering?

A. Yes. We chartered our own ships in the New

York market; they were mostly foreign bottoms.

MR. O'DONNELL: Q. Do you remember the rate you paid on your shipment to Norfolk?

A. Yes, I do.

Q. How much?

A. 50¢ a bag.

Q. 50¢ for a 75-lb. bag?

A. No, sir, for a 100-lb. bag.

Q. And that works out to \$1 a cwt.?

A. How do you make that out?

Q. You said 50¢ a bag.

A. 50¢ a 100 lbs., yes.

Q. I see. I was confusing the rail rate with the water rate.

A. What is the rail rate?

Q. The rail rate is \$1.05 plus 6¢ by rail. That is considerably higher than in Canada for comparable distances, is it not?

A. I have not compared the rates. As I said before, I am not an authority on rates. My business is buying and selling.

Q. And the price last year was a fairly good one, was it not, for potatoes?

A. That is right.

Q. Your potatoes last year sold at a fairly good price?

A. It all depends on the variety. Sometimes some varieties do not do as well as other varieties. But last year was a fairly favourable year for quality.

MR. O'DONNELL: Thank you very much.

MR. MATHESON: Mr. Frank Smith yesterday was going to make a statement in the event there was any comparison between rates in Canada and the group rates. He had to leave, and he asked me to put a reference to it on the record. So I would refer briefly to several cases in Canada and the United States, and I shall read this memo.

"Distance is not the sole criterion for determining reasonableness of rates from different portions of the same district, or from competing districts."

The case is reported in 208 I.C.C. 645, and 653.

THE CHAIRMAN: Could you give us that reference again, please?

MR. MATHESON: 208 I.C.C. 645 at page 653.

MR. SINCLAIR: What is the name of the case?

MR. MATHESON: Showalter, Receiver, v. Akron, C. & Y. Ry. Co., 208 I.C.C. 645 (653).

Another reference, one which has particular reference to the Maritimes, where our rates are in blankets or groups,, reads:

"In establishment of blanket or group rates there is of necessity more or less disregard of distances."

And the reference is to the case of Panhandle Lbr. Co. v. Fort Worth & D. C. Ry. Co., 210 I.C.C. 353, at page 354.

MR. SINCLAIR: Are you citing from the annotated I.C.C. Act?

MR. MATHESON: Yes.

MR. SINCLAIR: At what page?

MR. MATHESON: At page 7159 in volume 9, under

section 1, subsection 5.

In paragraph 483 there is a list of about seven or eight cases regarding that heading "Distance not controlling."

And for a Canadian reference: A mere comparison of distances without consideration of the peculiar circumstances affecting the traffic is not the final criterion of discrimination.

That is to be found in 18.

THE CHAIRMAN: Of what case?

MR. MATHESON: I am sorry, but I have not the name of the case. It is to be found in 18 J.O.R. & R. at page 457.

Then, in addition to that, there have been dicta laid down by the Board which I have not had a chance to look up, to the effect that freight rates in the United States are no criterion of the reasonableness or unreasonableness of rates in Canada. I shall eventually get the references to that dicta.

MR. SINCLAIR: That is on the claim of unjust discrimination that you are dealing with?

MR. MATHESON: No, for unreasonableness in connection with the I.C.C., mostly .

MR. SINCLAIR: No, the Canadian case you cited?

MR. MATHESON: That was on unjust discrimination..

MR. COVERT: There is and more witness in connection with the Board of Trade, Mr. Chairman.

WALLACE L. HIGGINS, called

EXAMINED BY MR. MacPHEE

Q. What is your name?

A. Wallace L. Higgins.

Q. And you are in the wholesale grocery business?

A. I am.

Q. I believe you have a statement covering the slowness of l.c.l. deliveries, and something on increases in freight rates, and something on storage facilities?

A. The increase may be explained by freight experts, but not by me. In so far as slow movement of l.c.l. freight is concerned, Mr. Chairman, the examples I will give are just a certain number of waybills taken from our own files to be presented for your consideration.

The following are a few examples of the slow movement of freight from points without the province to Prince Edward Island.

THE CHAIRMAN: How far back do these go?

THE WITNESS: Two are in 1948. The rest are in 1949. The vouchers are attached, and will be filed, I presume. The statement reads as follows:

The following are a few examples of the slow movement of freight from points without the Province to

Prince Edward Island:				Days
w/b 45239	Peas	Levis	July 8/49 arr.	July 25 17
w/b 42749	Peanuts	Levis	June 25/49 "	July 9 14
w/b 30375	Tobacco	Quebec	June 10/49 "	June 24 14
w/b 68712	Clothes Pins	Danville	Dec. 3/48 "	Dec. 13 10
w/b 40369	Fly Catchers	Sherbrooke	June 8/49 "	June 25 17
w/b 42003	Salmon	Montreal	June 24/49 "	July 5 11
w/b Int. 1799	Paper Bags	Lachute	June 4/49 "	June 17 13
w/b Int. 2466	Matches	Berthierville	Nov. 16/48 "	Nov. 30 14
w/b 40964	Biscuits	Moncton	June 23/49 "	June 29 6
w/b 40216	Fish	Barrington P.	June 11/49 "	June 23 12
w/b 33932	Biscuit	Pictou	May 7/49 "	May 16 9
w/b 37932	Peanut Butter	Halifax	May 31/49 "	June 9 9

Having regard to the first shipment listed, the distances moved was 490.5 miles, with a speed of slightly under 29 miles per day.

MR. COVERT: Q. Could I just have that file?

A. The vouchers are all on there.

MR. COVERT: Mr. Chairman, this file of documents will be Exhibit 63.

EXHIBIT NO. 63 -- Filed by Mr. Covert Statement
July 25, 1949, signed by Mr.
Higgins.

THE WITNESS: There are also three more advice notes received by the Bergman Construction Company, Montague, which you asked me to submit. They read as follows:

"On behalf of Bergman Construction Co., Montague, I beg to submit the attached Arrival Notices showing delay in moving l.c.l. shipments within the Maritimes.

Pro 7-66 Ex Moncton July 1/49 to Montague arrived
July 7/49

Pro 5-350 Ex Woodstock May 11/49 to Montague arrived
May 23/49

Pro 6-83 Ex Truro May 23/49 to Montague arrived
June 4/49."

MR. COVERT: Q. Just one minute. Exhibit 63 is a statement dated July 25, 1949, signed by Mr. Higgins, showing examples of slow movement of freight from points without the province to Prince Edward Island. Exhibit 64 is a statement dated July 25, 1949, signed by Mr. Higgins on behalf of Bergman Construction Company, Montague, showing delay in l.c.l. shipments within the Maritimes in each case, with vouchers attached.

EXHIBIT NO. 64 -- Filed by Mr. Covert
Statement dated July 25,
1949, -on behalf of Berg-
man Construction Co. Mon-
tague, showing delay in
l.c.l. shipments, with
vouchers attached.

(Page 5215 follows)

THE WITNESS: The next statement is in connection with freight charged on salt from Malagash, Nova Scotia. A carload of 80,000 pounds of salt from Malagash, Nova Scotia, to Charlottetown, June 26, 1947, 10¢ per 100 pounds; July 10, 1948, 12¢ per 100 pounds; and a third car on July 7, 1949, cost 14¢ per 100 pounds freight, or a total of 40% increase in the two rates. The increase in the freight rate was 40%, and the increase in the cost of the material 12.7.

MR. COVERT: This will be Exhibit 65, statement dated July 25, 1949, signed by Wallace L. Higgins, attaching waybill notices on salt from Malagash to Charlottetown.

EXHIBIT NO. 65: Statement dated July 25, 1949, signed by Wallace L. Higgins, attaching waybill notices on salt from Malagash to Charlottetown.

MR. O'DONNELL: I am advised, my lord, that that was a special competitive rate, and there was an additional 15¢ increase on that. It was too low at the time and it was brought up, according to the authority of the Board.

THE CHAIRMAN: It still remained competitive, did it?

MR. O'DONNELL: Well, I don't know. It was adjusted at that rate, in any event. It took the 21% increase, and then was increased 15% more. We have had quite a number of similar instances.

THE WITNESS: A further example, my lord, along the same lines, was a shipment of canned goods from Ontario points to Charlottetown. I regret that I have not got the freight bills covering these shipments,

as they have already been filed in connection with claims with the transportation companies. A shipment -- the car number is given -- Hamilton, Ontario, on October 18, 1947, was 50 cents per 100 pounds.

MR. O'DONNELL: Q. What is this we are talking about?

A. Canned goods. A shipment from Ridgetown on July 14, 1948, was 61 cents per 100 pounds, a 21% increase. A shipment from Aylmer on December 13, 1948, was 70 cents per 100 pounds, and a shipment from Simcoe on June 13, 1949, was 80 cents per 100 pounds, an increase of 60% in the rates from Simcoe, which was also 50 cents per 100 pounds in 1947. The above cars were consigned from Canadian Cannery Limited, Head Office, Hamilton, to their representatives George G. Wood and Company, at Halifax, and contained goods for our company.

I said a moment ago, sir, that the freight bills were filed with the railway in connection with claims. If you would not mind just a moment, I would like to read one more, in a report on one of these cars by George G. Wood and Company to the Canadian Cannery, a footnote, "Nothing less than an atom bomb could cause so much destruction."

MR. COVERT: It would seem to me, Mr. Chairman, with respect to this latter one, there are no vouchers or bills attached, and I think it has been read right into the record, so I will just leave it with the reporter.

MR. O'DONNELL: My information on that, my lord, is that the water competitive rate was cancelled, and it went on the class rate, and the class rate was 80 cents.

MR. COVERT: Q. Does that complete your statement?

A. Yes.

Q. Now, with respect to these delays in l.c.l. shipments, Mr. Higgins, could you tell, is this ordinary, is it the exception, or is it the rule?

A. Only too often the rule, sir. With particular reference to the one from Levis, we have been trying to have the railway adjust the movement of freight from Levis, Quebec, for some time. The case in point happened while they were still trying to find some way of speeding up delivery.

Q. Can you explain the cause of the delays?

A. No, sir. I am not a traffic man or a freight expert.

THE CHAIRMAN: Thank you, Mr. Higgins.

MR. COVERT: Do you want to ask any questions?

MR. O'DONNELL: No.

MR. COVERT: That closes the case, does it, Mr. MacPhee?

MR. MacPHEE: Yes.

MR. COVERT: I would like, on behalf of the Commission, to thank Mr. MacPhee for assisting us in speeding up on this brief, Mr. Chairman.

The last and final submission, I believe, is that of the West Point Ferries Limited. Are you presenting that, Mr. MacPhee?

MR. MacPHEE: Yes.

MR. COVERT: Could we proceed in the same manner, with this being filed as if read into the record?

THE ROYAL COMMISSION ON TRANSPORTATION

Brief presented by West Point Ferries Limited for
a Ferry Service between West Point, Prince
Edward Island and Buctouche, New Brunswick.

July, 1949.

1. Designation of Applicant

The applicant is West Point Ferries Limited, a
body corporate, duly incorporated under the laws of the
Province of Prince Edward Island, with head office at
O'Leary in said Province.

2. Schedule

It is proposed to inaugurate the service with
two round trips daily between West Point and Buctouche, on
the following schedules:

(Read down)

(Read up)

7.00 a.m.	2.30 p.m.	Lv. West Point	Ar. 10.30 a.m.	6.00 p.m.
8.30 a.m.	4.00 p.m.	Ar. Buctouche	Lv. 9.00 a.m.	4.30 p.m.

The frequency of the schedule could be increased
to a total of three round trips daily, if traffic so re-
quired.

3. Rates and Fares

Proposed ferry tolls are as follows:

	<u>One Way</u>	<u>Return</u>
Passenger	\$.40	\$.65
Automobile	2.00	3.00
Truck 15 overall	2.00	3.00
" 15-18 "	3.00	4.50

(tickets on passengers and automobiles interchange-
able with Wood Islands and Borden; truck rates
interchangeable with Wood Islands and Borden).

4 Public Convenience and Necessity

(1) General Transportation Situation

It is not proposed in this application to deal at any length with the transportation difficulties which have always faced the province of Prince Edward Island. They have been adequately presented in the past on numerous occasions and are doubtless well known to this Commission. The history of the citizens of Prince Edward Island consists in no small measure of a struggle with the Northumberland Straits prior to Confederation and with the Federal authorities thereafter in an effort to maintain an economic life line to the mainland. Despite its great natural advantages in agriculture and fishing, and its industrious people, the failure of this struggle is clearly indicated by the following facts:

(a) During the period 1871-1941, the population of Canada increased by 100%; New Brunswick by 60.16%; Nova Scotia by 40.04%; Prince Edward Island by only 1.09%.

(b) A comparison of rural family earnings by provinces (1940) shows an average of \$1,106 for Canada; \$1,310 for Ontario; \$579 for P.E.I.; Net cash farm income (1940) \$510 for Canada; \$626 for Ontario; \$380 for P.E.I.

In both comparisons Prince Edward Island is the lowest of any province.

While certain other factors have contributed to some extent to the failure of Prince Edward Island to maintain a normal population and income gain, poor transportation has been the dominant factor.

(2) Present Transportation Facilities

(a) Tormentine, N.B. - Borden, P.E.I.

A train-carrying ferry service was inaugurated in 1917. This ferry had a capacity of ten cars and 800 passengers. Automobiles or trucks could only be carried by loading on railway flat cars. In 1932, this boat was converted to make possible deck loading of automobiles to a capacity of forty-three. In 1931, a new ferry was placed in service with a capacity of sixteen railway cars, forty-five vehicles and 900 passengers. The old ferry was retained as a standby. Unfortunately, this new boat was sunk in 1941 and was not replaced until July, 1947. In the interim, the old boat carried on the service. The boat presently in operation has a capacity of nineteen railway cars, sixty-nine vehicles and 950 passengers. The original boat, first placed on the route in 1917, is still retained as a stand-by. It is used only while the regular ferry has its annual overhaul, or in the event of its breakdown.

It will thus be seen that the transport capacity has been increased by nine railway cars and sixty-nine vehicles since 1917.

(b) Wood Islands, P.E.I. - Caribou, N.S.

A ferry service for vehicles and passengers was inaugurated on this route in 1941, (see Map - Exhibit A), designed to open up trade between the eastern section of Prince Edward Island and the Pictou-New Glasgow area in Nova Scotia. The inauguration of this service was vigorously opposed for many years by persons in authority who, no doubt, genuinely believed it was unsound

THE HISTORY OF THE
REPUBLIC OF THE UNITED STATES

OF THE
REPUBLIC OF THE UNITED STATES
OF AMERICA
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FIRST
SETTLEMENT
TO
THE
PRESENT
TIME
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economically. The degree of their incorrectness may be gauged by the following figures:

	<u>Passengers</u>	<u>Autos and Trucks</u>
1941	25,303	6,527
1942	34,933	4,641
1943	37,457	6,486
1944	44,460	7,236
1945	46,005	8,352
1946	53,706	12,825

(3) Failure of Present Service to Meet Needs

(a) Borden-Tormentine Service

There are two principal reasons why this service is unable to adequately meet the transportation requirements of the western portion of Prince Edward Island.

(i) Distance Involved

The lengthy mileage from the western part of the province via Borden is such that the movement of farm and fish products to the principal New Brunswick and United States markets is uneconomical.

As page 13 here in Comparative Mileage Table) indicates, the distance is reduced by more than 75 miles in many instances over the proposed route.

(ii) Time Element

While (i) above is substantial, of even greater importance is the matter of time lost travelling via Borden. The ferry service is, of necessity, tied to the railway. Scheduled runs depend on the arrival of trains; departure of unscheduled runs depends on the loading and unloading of railway cars. Moreover, during the summer season, when vehicular traffic is heavy, the ferry, on

any one departure, is not able to carry the traffic offering. Hence, it is more the rule than the exception for a truck or automobile to be obliged to wait for at least a second crossing, a minimum of four and one-half hours during the summer months.

Rail freight and express service are also extremely slow. A good portion of Saint John, Halifax and Montreal L.C.L. freight, for the western portion of the province, is first taken to Charlottetown; at best, to Summerside and there transferred to other cars. The average time for freight from Moncton to O'Leary is approximately six days. The average express from, say Saint John and Moncton, provided it is picked up the day before, arrives between 8.00 and 10.00 p.m. of the same day - but too late for delivery at its destination on Prince Edward Island.

By truck, over the proposed route, goods could be picked up and delivered to the purchaser during business hours of the same day.

The rates to be charged on the proposed service are such as to put the producer and consumer in West Prince more or less on a parity with those who are not handicapped by the necessity of using ferries, and on a parity with the eastern section of the province where the Wood Islands - Caribou Ferry has rates similar to those proposed here.

(b) Wood Islands - Caribou Service

It is obvious from the location of this service that it is of no value to the western section of Prince Edward Island.

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(4) Proposed Service: West Point, P.E.I. - Buctouche, N.B.

EXHIBIT "A" (Route and Area Map) is a graphic illustration of the need for the proposed service, providing as it does a direct connection between the central point in one of Prince Edward Island's most productive agricultural and fishing areas and the principal manufacturing and consuming centres of New Brunswick.

Page 13 herein (Comparative Mileage Chart) indicates the distance between points in Prince County and New Brunswick, travelling by the present Borden ferry and the proposed West Point ferry. The great advantages which would accrue to the public in the affected area are obvious.

(5) Agricultural and Fisheries Production

The section of Prince County which would directly benefit from the proposed service has an area of approximately 173,000 acres of improved land. The dollar value of agricultural production in this section for 1946, based on figures obtained from the Dominion Bureau of Statistics, is approximately as follows:

Field Crops	\$1,220,000
Live Stock	1,150,000
Wool	14,000
Dairy Products	708,000
Fruits & Vegetables	101,000
Poultry & Eggs	691,000
Fur Farming	186,000
Honey	1,000
Miscellaneous	<u>105,000</u>
	\$4,176,000

Fishery production from the same area for 1946 was as follows:

Cod	1,129,100 lbs
Hake	1,347,700 "
Herring	5,005,500 "
Mackerel	1,471,500 "
Smelts	301,500 "
Lobsters	3,823,800 "
Oysters	8,243 bbls.

Total dollar value estimated at \$1,586,456.

The total dollar value of agricultural and fishery products was \$5,762,456.

It is to be noted that in this whole area there is no industrial development of any kind whatever; no mining and no lumbering. Hence, there is no local consumption of any consequence of these products. This situation applies, as a matter of fact, to the whole of Prince Edward Island, and, as a result, the only available market is beyond provincial boundaries.

(6) Prospective Markets in New Brunswick

The inauguration of the proposed service would bring the cities of Moncton and Saint John within practicalble motor trucking distance of these agricultural and fishing sections. Indeed, the whole section of this Province which could be reached is industrialized to an extent which necessitates it bringing in products of this nature, and could be more efficiently served via the proposed ferry service.

In addition, a type of market is opened up to the Island producer from which he is entirely cut off under present conditions but which is vitally important to the

conduct of successful mixed farming operations.

This point does not require great elaboration. The relative prosperity of farmers living close to urban centres is axiomatic; the effect of the service is to place a very large consuming population within easy reach.

For example, the farmers of Prince County have no market for fresh milk and cream and are obliged to divert it entirely to butter and cheese. Under present abnormal demand, this may be desirable; but in normal times it is a serious disadvantage. Though conditions are ideal, there is little or no production of fresh fruits and vegetables, simply because there has been no accessible market. Generally, the production of all types of produce which is purchased by the ordinary consumer in an unprocessed state would be stimulated. The Department of Agriculture has always urged the greatest possible diversification of farming operations as a bulwark against depressed conditions. The introduction of this service will encourage this, in addition to the price advantage which would accrue from elimination of middlemen profits and lower transportation costs.

(7) Imports from New Brunswick

The introduction of the service would make feasible the delivery direct to the retailer and consumer of a great many articles presently purchased in New Brunswick. That such potential freight exists in a large volume is indicated by the letters from numerous business organizations in New Brunswick in support of this application.

(8) Time and Labour Saved

Another factor is the cost in time and labour saved, to the farmer, particularly, through the pick-up and delivery

service which would undoubtedly develop if the proposed ferry service were instituted. Apart from the immediate financial advantages of buying and selling direct, he would be relieved of the necessity of frequent trips to the railway station. Very often this caused the postponement of essential work to the detriment of his farming operations, and the relatively high cost of farm labour today, in addition to its scarcity, makes this point of a great deal more importance than in the past. Offhand, it might appear that the movement of bulky goods, such as fertilizer, coal, lime and lumber, by truck, could not be done economically as compared with rail. But, in many instances, the advantages of having these articles delivered at the farm, when required, and on short notice, would far outweigh the slight additional direct financial cost.

(9) Processing Plants Accessible on Mainland, but
not Available on Prince Edward Island

1. Abbatoir at Moncton, N.B.

There is only one abbatoir on Prince Edward Island, located at Charlottetown, and its capacity is not nearly sufficient to meet provincial needs.

Swift Canadian has an abbatoir at Moncton and a great many hogs are shipped to it from the relevant Prince County area. These hogs are collected by truck, loaded on railroad cars and shipped to Moncton. The trip takes at least twenty-four hours and there is considerable deterioration through bruising and loss of weight. Apart from this loss, the time and money saved in trucking the hogs directly to Moncton is obvious.

In addition to the shipment of live hogs, the sale of live cattle would be made feasible, thus

providing a new outlet to the farmers and relieving them of their present entire dependence upon the strictly limited local market for this product.

2. Fish Freezing Plant at Richibucto

One of the most serious disadvantages to West Prince fishermen is that no facilities are available in this area for fish freezing. As a consequence, their cod production - estimated at 1,129,100 pounds in the area concerned - must go into dry or salted form, or cans.

There is, however, a large freezing plant at Richibucto, N.B., to which fish from the entire area could be readily trucked. The West Point service, therefore, would assist materially in putting these fishermen on a par with those of Nova Scotia and New Brunswick, while providing them with a wider market, with the accruing competitive advantages.

(10) Emergency Uses

It is to be noted that the estimated use of the proposed service is based entirely on the normal operation of the cary ferry between Borden and Tormentine. Any interruption in this service, or even a continuation of present conditions, would greatly increase the amount of freight which would be moved. For example, the movement of coal by truck is uneconomical, but, this year, due to the shortage of freight cars, a large quantity of coal was moved by truck over the Wood Islands ferry. If this condition should continue in future, the proposed service would make the Minto Mines readily accessible to the Island importer .

Again, due to railway car shortages, large

quantities of potatoes have been trucked to the mainland for storage, and the proposed service would thus provide a much shorter and less expensive route. It must also be remembered that, at the season potatoes move, the congestion at Borden and Tormentine is always serious and will continue to be, even with improved facilities. Hence, if potatoes are moving by truck, it is most desirable that they be moved by another route.

(11) To summarize briefly:-

In West Prince we have a population consisting almost entirely of farmers and fishermen. In the whole of Prince Edward Island there are only two urban centres, Charlottetown and Summerside, with a combined population of less than 20,000 persons. They are more than adequately served by producers in the very immediate area. Yet, within a distance of a 125 mile arc, there is a very large urban and industrial population who presently import much of their foodstuffs from greater distances. The opening up of this market would be of inestimable value to both groups.

There are no tariff barriers between the two areas, The sole problem is the lack of adequate and efficient transportation. While, admittedly, considerable improvement has been effected since Confederation in communications with the Mainland, nevertheless, these improvements have not been sufficient to bring the people of Prince Edward Island to a parity with the rest of the country. Relatively speaking, its citizens are in the same position as they were 75 years ago. While other parts of Canada are able to derive the tremendous advantages of reaching markets through the development of improved highways and trucking facilities, the best that can be said for the western section

of Prince Edward Island is that it has a reasonably efficient railroad service. The water barrier, of course, can never be entirely overcome; but such steps as are reasonably feasible should be taken in all fairness. A ferry between West Point and Buctouche would place the western end of the Province on equal terms with the east.

Transportation and the cost of transport is an effective determining factor in the economy of any people. The citizens of Prince Edward Island are industrious and hard-working. Their natural resources for farming and fishing are equal to any in Canada. Nevertheless, they lag far behind in material prosperity. To improve their status, they ask only that they be given access to wider markets.

5. Tourist-Possibilities

Recently there was held in Charlottetown a Canada wide Convention of the Canadian Association of Tourist & Publicity Bureaux, including leading transportation and tourist officials from all over Canada, plus some from the United States, and those in attendance there stated emphatically that Prince Edward Island, with proper and adequate transportation facilities, has very real and great expansion possibilities for the tourist industry and commercial business. The tourist industry on Prince Edward Island provides a market for a great many high quality agricultural products produced here and thus puts ready cash into

the hands of the farm communities, in addition to those directly offering tourist accommodation. The tourist attractions within short distances of the proposed West Point terminus consist of outstanding warm salt beaches, trout fishing and deep-sea fishing. There is a good golf course at Summerside. There are innumerable attractive and pretty sites for tourist accommodation. The scenery in general is very beautiful. Heretofore, the tourist possibilities for this section of Prince Edward Island have not been developed, owing to a lack of transportation facilities.

Tourists coming from the United States, Quebec and Ontario would need to drive only 35 miles from Moncton to Buctouche to cross on the ferry to West Point, and from there they would be able to travel on paved highway from one end of the Province to the other. They could return to the Mainland via the Wood Islands-Caribou route, or the Borden-Tormentine route. Tourists coming over by automobile or bus on the present existing routes, would find it attractive to return via the proposed West Point-Buctouche service.

It is also considered that, owing to the short distance from Moncton and to the crowded condition of their nearest beach at Shediac, many people in the Maritimes and other areas might establish summer homes on Prince Edward Island at the lovely beaches at West Point and in nearby places.

6. Effect on Borden-Tormentine Route

It may be argued that the Government should not be asked to expend monies on subsidiary ferry service

which will be in competition with the Canadian National Railways, particularly in view of the substantial amounts which are now being expended on this route.

In the first place, it is contended that this argument must be rejected on the ground that such a position is not justified. The question is solely one of providing adequate transportation, not one of the amount of monies spent in attempting to provide transportation. In other words, this application must be decided on the question of whether or not the service is required and whether or not the cost involved is outweighed by the advantages, direct and indirect, which would accrue.

However, it is submitted that the net result of the proposed ferry would be to increase the volume of traffic between Borden and Tormentine.

In 1940, the year previous to the establishment of the Wood Islands-Caribou service, when only one route to the Mainland was in operation, namely, Borden-Tormentine, the total number of passengers ferried was 127,586 and vehicles 25,610. In 1947, the Borden-Tormentine route carried 175,642 passengers and 37,767 vehicles, the Wood Islands-Caribou route carried 54,785 passengers and 12,028 vehicles (other than trucks) and 3,713 trucks, as compared with 25,303 passengers and 6,527 vehicles in 1941, the first year of operation.

These facts speak for themselves. It is obvious that increasing transportation facilities in any manner is good for any particular route. This applies with additional force to the Borden route because improved

business in Prince Edward Island will result inevitably in a greatly increased demand for heavy goods, the bulk of which will always continue to move by rail.

All of which is respectfully submitted.

SANFORD PHILLIPS,

PRESIDENT,

WEST POINT FERRIES LIMITED.

COMPARATIVE MILEAGE BETWEEN POINTS IN PRINCE EDWARD
ISLAND AND POINTS IN NEW BRUNSWICK VIA BORDEN AND
WEST POINT

	<u>Monc-</u> <u>ton</u>	<u>Saint</u> <u>John</u>	<u>Sus-</u> <u>sex</u>	<u>Fred-</u> <u>eric-</u> <u>ton</u>	<u>Minto</u>	<u>Richi-</u> <u>bucto</u>	<u>Chat-</u> <u>ham</u>	<u>New-</u> <u>castle</u>
O'LEARY								
via West Point	43	139	126	110	156	28	67	72
" Borden	121	215	160	241	200	141	180	185
ALBERTON								
via West Point	56	152	105	123	170	41	80	85
" Borden	126	220	175	246	241	146	185	190
TIGNISH								
via West Point	64	160	113	131	178	49	88	93
" Borden	136	230	185	256	251	156	195	200
ST. LOUIS								
VIA West Point	59	155	108	126	173	44	83	157
" Borden	130	224	179	250	245	150	189	194
ELMSDALE								
via West Point	51	147	100	118	165	36	75	80
" Borden	122	216	171	242	237	142	181	186
BLOOMFIELD								
via West Point	53	149	102	120	167	38	77	82
" Borden	131	225	180	251	246	151	190	195
BRAE								
via West Point	43	139	92	110	157	28	67	72
" Borden	119	213	168	239	234	139	178	183
ELLERSLIE								
via West Point	62	158	111	129	176	47	86	91
" Borden	111	205	160	231	226	131	170	175
RICHMONT								
via West Point	64	160	113	131	178	49	88	93
" Borden	100	194	149	220	215	120	159	164
ELLINGTON								
via West Point	69	165	118	136	183	54	93	98
" Borden	97	191	146	217	212	117	156	161
ISCOUCHE								
via West Point	74	170	123	141	188	59	98	103
" Borden	90	184	139	210	205	110	149	154
JMMERSIDE								
via West Point	79	175	128	146	193	64	103	108
" Borden	85	179	134	205	200	105	144	149

Mr. Pate

MR. COVERT: Then have you some witnesses?

MR. MacPHEE: We have two witnesses.

MR. COVERT: Well, would you call them, please?

MR. MacPHEE: Mr. Pate.

PETER W. PATE, called

EXAMINED BY MR. MacPHEE:

Q. You live at O'Leary, Mr. Pate?

A. Yes, O'Leary.

Q. And I believe you are President of the West Prince Board of Trade?

A. Alberton and West Prince Board of Trade.

Q. And you wish to make a statement in support of the brief of West Point Ferries Limited, and covering also, I believe, some matters in your district in which your Board of Trade is interested, some transportation matters?

A. That is right, sir.

Q. All right.

A. At the outset, may it please the honourable Board, I would like to have you visualize if you will the geographic location of Prince County in Prince Edward Island as it pertains to the other Maritime Provinces and North America as a whole. If I may be permitted, I will just use this map.

MR. COVERT: Q. Mr. Pate, do you propose to file that map with the Commission?

A. I understand that a number of maps will be filed with the Commission and with counsel who request or desire such a map.

MR. COVERT: I think perhaps we should file it as Exhibit 66.

EXHIBIT 66: Map of Maritime Provinces.

THE WITNESS: In order to bring this proposed service between West Point, Prince Edward Island, and Buctouche, New Brunswick, to your attention in the proper way, it seems to me that it might be necessary to go back a few years in connection with the produce and cattle from that particular part of Prince County. It is well known and has been heard on many occasions that Prince County west of Summerside is the forgotten part of Prince Edward Island, having in mind of course that all of it has been pretty well forgotten since Confederation.

In connection with that, may it please the honourable Commission, I want to bring to your attention, matters of my own knowledge going back to approximately fifty or fifty-five years ago. We at that time could leave O'Leary in Prince County at 7:15 in the morning on the P.E. Island Railroad Saturday morning, and we could go to Boston, Massachusetts, or Montreal, Quebec, arriving there early Sunday morning. We could do our business if business --

THE CHAIRMAN: Q. Did you say leaving Saturday?

A. Yes. Do our business there or see our friends, whatever it might be, leave Montreal or Boston Sunday evening, and be back in O'Leary on Monday night.

Q. How did you get off this Island?

A. We would go from O'Leary to Summerside by train, by boat from Summerside to Pointe aux Chenes, New Brunswick, where a boat would be taken to Boston, and a change made from that same train at Moncton for Montreal.

Q. You mean a train would take you to Boston?

A. That is right, sir.

Q. You said a boat.

A. There was a boat running out from here to Boston via

Hawkesbury and Halifax, Nova Scotia, at the same time. Now, to-day in order to make that same trip you would leave O'Leary on Saturday morning, you would go thirty-four miles to Summerside, you would stay there the rest of Saturday, Sunday, leave there Monday, arrive in Boston or Montreal on Tuesday --

Q. Pardon me; when you left Summerside on Monday where would you go?

A. You would go across to Pointe aux Chenes from Summerside by boat.

Q. There is a boat service there?

A. There was a boat service at that time, the Steam Navigation Company.

Q. I thought you were telling us what you do now.

A. I am going to give you what you would do now. To-day you would leave O'Leary on Saturday morning, go to Summerside, stay there practically all day Saturday, taking into consideration that the train would probably be two or three hours late arriving at Summerside, stay there Sunday, leave there Monday morning, and arrive in Boston on Tuesday.

Q. Where would you go from Summerside on Monday?

A. Borden-Tormentine. Go to Boston, arrive there on Tuesday morning, do your business there on Tuesday, come back, leave there Tuesday night, get back to Summerside some time late Wednesday night and spend the next day in Summerside, arriving home on Thursday. So that fifty years ago you could make two trips to Boston and back while you are making one trip to Boston and back under the present arrangements.

Now, there has been a great deal said about a

competitive business in connection with the Canadian National Railways. I do not believe there is any competitive business in so far as this Island is concerned. This West Point ferry project was proposed long before the Government took over the Intercolonial and the P.E. Island Railroad. I remember an incident -- I remember this personally -- when a survey was made from O'Leary in Prince County to West Point for the purpose of putting a branch railroad from O'Leary to West Point. I remember at that time Sir Lewis H. Davis, who was then Minister of Fisheries -- that, I believe, was in 1906, '07 or '08; I have just forgotten the exact year -- making the statement that that proposed survey or that proposed branch line was for the purpose of facilitating transportation problems of Prince Edward Island, because the most feasible way of transport communication was between West Point, Prince Edward Island, and the vicinity of Buctouche, Nova Scotia.

Q. New Brunswick.

A. New Brunswick, I beg your pardon. Now, a survey was made. I remember about the same time Captain Joseph Reid, who was representative in Ottawa from Prince County, making the same statement. A survey was made, I think in 1891, at which time the records will show in Ottawa, if they are still preserved, that from West Point to Buctouche was the most feasible place to solve the transportation problems between Prince Edward Island and the mainland. A survey was made at a later date, when the same conclusion was come to. I remember that in 1917 a survey was made -- I am unable to procure the documents, but we are in hope that we may procure them later and give them to the Commission within a short time -- a survey

was made from West Point to Buctouche before the installation of the Tormentine-Borden route. At that time it was found that the Prince Edward Island route to the mainland was more feasible because of tidal conditions, because of less ice, because of fewer windstorms, and all other navigational problems, than any other part of Prince Edward Island. Now, instead of putting the ferry there at that particular time, we were led to believe -- and we think it was justifiably done at the time -- that this Borden - Tormentine route would better serve all of Prince Edward Island, that is, serve Prince Edward Island as a whole. Now, the shaded area that we have marked ^{on} the map shows you what I have stated about the trip to Boston or Montreal. From any point in that shaded area to-day by train it takes two days or more to go to Boston or Montreal.

Now, the same thing applies in so far as our freight is concerned. We received some freight the other day from Moncton, and it just took six days to go from Moncton to O'Leary, Prince Edward Island, and I think the l.c.l.'s on that are here for your benefit. I am just saying that now because I want to draw some comparisons on this route.

Now, we will go back to 1871. I want to paint this picture if I can, and I know the time is short and I do not want to take up too much time if I can help it. In 1871 the rural population of King's County, Prince Edward Island, was 22,068. In 1941 the rural population of King's County was 16,763, a decrease of 5,305. Now, you see that this ferry between Cariboo and Wood Islands serves that particular part of Prince Edward Island in

King's County. We are favourable to the Wood Islands-Cariboo service. That service should be made better, and should be made better by the Dominion Government. We are in favour of that.

In 1871 the rural population of Queen's County was 33,844; in 1941 the rural population of Queen's County was 26,321, a decrease of 7,523. In 1871 the rural population of Prince County was 25,502; in 1941 it was 27,623, an increase of 2,121, with absolutely no means of transportation, and with a production in 1947 in that shaded area of approximately \$6,000,000. Now, I say that because I want to try to point out if I possibly can the importance of a ferry service between that particular point in New Brunswick and Prince Edward Island, not only to serve the shaded area of West Prince County, as you see there, but to serve all of Prince Edward Island. You will note, gentlemen, as you look at the map, Wood Islands to Cariboo; it runs over here, and serves what? It serves Cape Breton Island and Nova Scotia. That business has increased year by year, and because of the increase in that business the Borden-Tormentine route has also increased, because statistics at Ottawa bear me out in that statement.

Here is your Tormentine-Borden route. It goes almost over to where the Chignecto Canal project is considered. Now, take this short route from West Prince over to Buctouche, New Brunswick; that serves all of North America. That takes us to the markets of Montreal, to the markets of Boston, to the markets of New York, to the markets in Moncton and all those places where the farmers of West Prince County can sell their surplus butter, their surplus cheese, their surplus poultry and other commodities.

Our truck business has increased tremendously on this Island. We can go, as you will note by the chart on the brief filed by West Point Ferries Limited -- let us just take, for instance, O'Leary, which, by the way, is the third largest business centre on Prince Edward Island to-day, I think, according to the statistics. O'Leary to Newcastle, New Brunswick, via the West Point-Buctouche service, 72 miles. O'Leary to Newcastle, New Brunswick, via Borden, 185 miles. Now, let us take nearer here, for example: Summerside via Borden and Tormentine to Newcastle, via O'Leary and West Point, 108 miles; via Borden, 149 miles.

In connection with that, let us consider for a moment, if you will, the increase and decrease in certain farm commodities. We have two markets here in Prince Edward Island for our hogs; we have Canada Packers in Charlottetown and Swift's in Moncton, New Brunswick. In 1881 we produced on Prince Edward Island -- and I am going to give you the round figures-- approximately 166,000 sheep; in 1946 we produced 55,000 sheep, a decrease of 111,000. Now, what I am coming at there is this: sheep cannot profitably be shipped by truck. To be shipped profitably sheep must be shipped by boat, if the boat goes to where the market is, or by train in cars. Hogs, however, can be shipped by truck at a great advantage. In 1881 our swine production on Prince Edward Island, was 40,000 hogs; in 1946 it was 64,000 hogs. Under the present conditions hogs, we will say, that are shipped from O'Leary, Bloomfield, Alberton, Tignish or other places west of Summerside, must be on the train or on the cars for the train to take hours before that train pulls out of the station. In other words, a freight train will leave

Tignish sometime in the morning; God only knows when she will arrive at O'Leary, but she takes those hogs over to Moncton. Well, she may get to O'Leary at eleven o'clock in the morning. Those hogs are put on that train early, the train is shunted back and forth, back and forth, and as a result the hogs are thrown up against the sides of the car. That train finally shunts the carload of hogs or two or three carloads of hogs onto this freight. That freight goes to Coleman, three miles away; she has got to take on a load of pit-props. She backs the train up and pulls it ahead and takes the cars with her. The hogs are thrown against the side of the car. Now, gentlemen, this is a serious matter and means money in the pockets of our farmers. The result is that those hogs are shifted and shunted around to such an extent from the time they leave the farmer, have been trucked in to the railway station and shunted around at Borden and shunted around at Tormentine, taken over the next day to Moncton, and then they are weighed. What do the farmers of Prince County get when they are weighed? They don't get a first-class bacon hog; they get a bruised hog. On a cross-section of Prince County that we compiled a short time ago -- and I will supply the figures if in the Commission's opinion they require them at some later date -- on just a small cross-section of Prince County we were able to show that the farmers in that cross-section, because of the shunting of the train and the lack of proper accommodation, have lost \$18,000. But when those hogs are cured and that bacon is eaten on your table and my table, I doubt very much whether it is sold as first- or third-class bacon.

Now, if we had this proposed ferry service from West

Point to Buctouche, those hogs could be loaded from the farmer's door at eight o'clock in the morning and be at Swift's factory in Moncton at two o'clock in the afternoon, and arrive there in good physical condition without loss of weight and without being bruised, except what might happen in an unusual case. And I say under those circumstances that this proposed West Point-Buctouche ferry is the solution of your transportation problem in New Brunswick.

It is a known fact that long before we entered Confederation this Island was ruled under the Family Compact. We had the tyranny of the landlord imposed upon our ancestors, and we have had the tyranny of a Dominion Government imposed upon us ever since Confederation, because we are trying now to compete with a Government-owned or controlled railway.

Now let us take into consideration another matter in connection with this. Let us take into consideration, if we will, the poultry situation. Our natural market for poultry is Montreal, Newfoundland, some in New Brunswick, and the New England States. Last year it was 450,000 pounds of poultry, if I remember correctly, live poultry, shipped from here by truck to the New England States. With the inauguration of the proposed West Point-Buctouche ferry that poultry can leave the farmer's door at seven o'clock in the morning and be in the markets of Bangor, Boston and Providence before dinnertime the next day. With that service, and with the continued added service and the continued increase in production that we in West Prince County will have as a result of this new service, the prosperity of this Island will be beyond the imagination of any of us who are living to-day. As one gentleman -- Mr.

Scales, I think -- said, they would **increase** the potato production four times as much if they had the proper markets and the facilities for transportation. I say that our products would increase more than four times within ten years.

In this shaded area that I have pointed out to you they raise more turkeys than are raised all over Prince Edward Island.

As to our tourist traffic, tourists coming from Moncton, a great many of them now go to Shediac. Shediac is practically filled up, I don't have to tell anyone who has seen Cascumpec Bay, Montrose, Alberton, West Point, Cape Wolfe or any of those places. Our beaches, our deep-sea fishing, our trout fishing, are unsurpassed in any part of Canada. Our situation for an increase in the tourist trade is beyond imagination. It simply reminds me of a statement made in the history of our country in the sixteenth century by a Catholic priest who came over here from France, when he said Ile St. Jean, which is now Prince Edward Island, if properly developed, would be the garden of North America, and that statement was made by one of our Island statesman, Edward Whalen, in 1861, when he said that if transportation facilities such as desired by these people were in effect, Prince Edward Island would be the garden of North America. And I say to you gentlemen, without fear of contradiction -- and I am not ^{very} good at arguing anything, either -- that with Prince Edward Island having from our Dominion Government the proper subsidized transportation between Wood Islands and Cariboo, with another boat on between Tormentine and Borden, and with the proposed service between West Point and

Buctouche, Prince Edward Island will be the St. Petersburg, the Miami, the Atlantic City and everything else of North America -- yes, and Hollywood. Now, that is how much confidence I have in this proposed West Point ferry.

MR. COVERT: Mr. Pate, I did not want to interrupt you. I think you have presented the case and the reasons. There are only a couple of minutes left, and there is one important point in the brief that I would like --

(Page 5250 follows)

A May I just say one more thing before you do, if I may have permission? I am sorry I had to garble this up because I was in a hurry, and I should not have to be in a hurry. There is one more thing. You take fruit coming in from the West Indies. It comes into Saint John, New Brunswick. We can load our trucks in Saint John in the forenoon, and with the proposed ferry the farmer's wife, or the hotels, could have bananas off that boat in the afternoon in Prince County, with the proposed ferry service, and they do eat bananas up there, too.

 We have other things, Irish Moss, Cranberries. Every conceivable product that can be grown can be grown in Prince County, but the people cannot grow them because we have not got facilities for transportation. I had a lot of facts, but I have gone off on a tangent because my time is so short.

THE CHAIRMAN: Q. Does this brief contain these points?

A This brief contains most of it, but I am going to say, gentlemen, that I think we should have the right to argue this brief again, if you deem it necessary, before this honourable Commission in Ottawa at the same time as the Prince Edward Island government brief is presented. It is very difficult, with many witnesses and with many arguments, to wait around here for three, days, and have to argue or discuss or try to draw conclusions, and so forth, and try to enlighten you gentlemen on something with a very short time within which to do it. If your honourable Commission will

grant us that privilege we will certainly appreciate it. I think we can show you some concrete evidence. I know you are in a hurry now.

MR. COVERT: I am quite sure, Mr. Chairman, that if there were further evidence that they wanted to submit in Ottawa, or if there is any argument, that that request would be granted.

THE CHAIRMAN: Oh, yes.

MR. MacPHEE: The President of the company is here, Mr. Phillips.

MR. O'DONNELL: I should like to ask Mr. Pate one question.

CROSS-EXAMINATION BY MR. O'DONNELL:

Q You mentioned a steam navigation company at Pointe aux Chenes some years ago?

A Yes.

Q Was that a ferry service?

A Those were the boats, Empress, Northumberland and Princess. The Empress was burned in Saint John, and the C.P.R. took it over. I think the Northumberland was burned a few weeks ago in Ontario on the Great Lakes.

Q What was the route that run?

A That route ran from Summerside, Prince Edward Island, to Pointe aux Chenes, New Brunswick.

Q Do you know how long that service lasted?

A I was over in Europe when it stopped. It stopped some time during the first war at the inauguration of the Tormentine-Borden route.

Q Had it run for many years prior to that?

A A great many years, yes.

Q Have you any idea how far back?

A Yes, I think I can tell you how far back. I can remember it running back in 1895 myself.

Q Do you know who operated that service?

A Yes, it was a company. I think John Yeogh was the president, Senator Yeogh and James W. Richards. The Richards family were stockholders in it, and Ames. I remember some of those names. I will be glad to get you all the information at any time.

THE CHAIRMAN: Is that all?

MR. COVERT: There was one witness. I don't know how long he would be.

THE CHAIRMAN: Whose witness is he?

MR. COVERT: It is this West Point Ferries Limited brief. It is the president.

THE CHAIRMAN: The same subject?

MR. COVERT: Yes.

THE CHAIRMAN: Is he your witness?

MR. MacPHEE: Yes.

MR. COVERT: If we have to hear them further at Ottawa -

Mr. MacPHEE: That has not been discussed with him. Mr. Phillips just wishes to offer himself to answer any question that Commission counsel or any other counsel may wish to ask.

SANFORD PHILLIPS, Called

EXAMINED BY MR. MacPHEE:

Q You are the president of West Point Ferries Limited?

A I am the humble president of West Point Ferries Limited of which Mr. Pate has given us a very elaborate description. I am only here to say that I am the president from a promotional standpoint. I may say that the inauguration, or the proposition of this ferry, was taken up by a lot of different boards of trade. It started with the Alberton-West Prince board of trade some four years ago. We have been hammering at this ever since. We feel it is very necessary and essential for the prosperity of our particular district of West Prince, West Prince in particular, and Prince Edward Island.

As far as I am concerned as president of the Alberton-West Prince board of trade this was started and we have been working on this ever since. I know that it is something that has to take time, but with the brief which we intend to present to this Commission for their consideration, then it is up to somebody to tell us or to decide whether or not it is feasible.

I may say that we probably went a little too fast in asking for a subsidy. We felt at one time that these subsidies were something to be handed out to anybody who wanted something such as the Wood Islands Ferry. We know now, and we did feel at the time that the Wood Islands Ferry was one of the greatest things that has ever been taken up here on Prince Edward Island with the exception of the Borden-Tormentine Ferry.

We probably went a little too fast, but we were turned down by the Maritime Commission on the ground that the cost was too high. I might read you the answer that we got.

THE CHAIRMAN: We will see it, of course.

THE WITNESS: Pardon?

THE CHAIRMAN: We will see that answer. We will have it.

THE WITNESS: You will have it, but the people here - it is very short, and if you will permit me I will give you this answer that we had after almost a year.

"With reference to your application for a subsidy for a proposed ferry service between West Point, P.E.I., and Buctouche, N.B., I am directed to advise you that we are informed the cost of constructing a terminal in the region of West Point, P.E.I. with facilities to accommodate a vessel drawing a maximum depth of 9 feet would be approximately \$1,000,000. Therefore, due to ancillary costs involved, the Commission cannot see its way clear to make a favourable recommendation on your application."

That is signed by somebody for the secretary. We have never been able to make out who signed it.

However, gentlemen, I am here to answer any questions regarding the feasibility as far as we have it. In fact this brief has been prepared at great expense to our company, which is small and only a promotional company. We never went into this with the idea of making money for ourselves. It was a service to Prince Edward Island in general and West Prince in particular.

I might just say that we have many reasons for doing that. I wish I had time to give you some of the stuff we have on our zoning. I think you would feel we

were justified in asking for this. You gentlemen have the brief here, and in order to shorten this I have made some particular marks as to the questions or the subjects that should be taken up. If you people have anything that you wish to question me on I will be glad to answer, so far as my ability will allow me.

page 5256 follows

THE CHAIRMAN: You see, if we are to resume this in Ottawa, there is no use in going over the same ground twice.

MR. COVERT: It occurred to me that what I might do is to submit a list of questions to Mr. MacPhee.

THE CHAIRMAN: Is Mr. MacPhee acting for them?

MR. COVERT: Yes, Mr. Chairman. And it would give them more time to study them. As a matter of fact, some of the questions I had to ask would take some time to answer. I think the case has been presented, and it is just a matter of clarification of a few items. So I think if I sent them to Mr. MacPhee, he could give me the answers.

THE CHAIRMAN: I think that would be the best way, and you have all to gain.

THE WITNESS: We hope so. I think that anything you gentlemen can do in order to shorten the session - so long as we get our claim before the proper authorities -- that is all we are asking, and anything you can do, we would appreciate it, to shorten up. We know that you men have certain ground to cover. We are just delighted to do anything we can.

THE CHAIRMAN: Thank you.

MR. COVERT: Thank you very much, Mr. Higgins.

THE CHAIRMAN: Does that conclude this session?

MR. COVERT: Yes, Mr. Chairman.

THE CHAIRMAN: Then we shall adjourn now to meet in Quebec.

(The following are the answers to written questions submitted to Sanford Phillips, President of West Point Ferries Limited.)

Q On page 1 in the first paragraph you describe the West Point Ferries Limited. Could you tell us who owns this company, that is, is it privately owned or is it owned by the municipality?

A It is privately owned but just promoted - really only started. I am the president. Walter Darby is the vice-president.

Q What was the idea behind its incorporation?

A Service to the west end of the province.

Q Was it incorporated for the purpose of establishing a ferry between West Point and Buctouche?

A Yes.

Q What is the capital structure?

A Three thousand no par value shares.

Q Why has the project not been proceeded with?

A We got options on two ships and did proceed as far as possible, but could not arrange for subsidies.

Q Will it need subsidies?

A Yes, about \$90,000 per year.

Q Is that the purpose of this brief to the Commission?

A Yes, to have them recommend the subsidies necessary to operate.

Q What type of ferry is required?

A The two boats we had under option would be satisfactory, 176 feet over-all, 44 foot beam, 140 foot deck for cars.

Q Is there any estimate of the cost?

A Less than \$100,000 for the two boats we had under option. The option was dropped, but they could be purchased in my opinion.

Q What will its capacity be for passengers, cars, trucks, etc.?

A Fifty-two cars. The boats we had in mind were operated on the Great Lakes and taken over by the United States government.

Q On page 1, paragraph 2, you deal with the proposed schedules. Do you feel that the schedules proposed will be sufficient to provide the service required?

A Yes.

Q On page 1, paragraph 3, you set out the rates and fares. How do these compare with the rates on the Tormentine Ferry and on the Wood Islands Ferry?

A They are the same.

Q Presumably you have calculated the estimated revenue based on these tolls, as well as the cost of operation?

A Yes, but I do not have the figures.

Q Does it show that it can be profitably operated or that it will be operated at a loss, and are you saying that, in the latter case it be subsidized, and what do you calculate the annual subsidy required would be?

A It is estimated that a subsidy of \$90,000 is required, but eventually it could operate on a profitable basis.

Q On page 2, at the end of the first paragraph, you say that poor transportation has been the dominant

factor contributing to the failure of P.E.I. to attain a normal population and income gain. If this is so, presumably there should have been an improvement when the Wood Islands Ferry service was instituted?

A Yes, there was improvement in the east, but not much in the west. We want New Brunswick markets opened to the west of the Island.

Q Have you any figures to show the benefits derived from the installation of a second ferry service?

A I think figures are available.

Q On page 2, in the bottom paragraph, you set out the present Tormentine service. Other briefs allege that there should be a second car ferry at Tormentine. Would this alleviate your situation in the west?

A No.

Q Would you think that there should still be the Buctouche ferry service added, even if the second Tormentine ferry were added?

A Yes.

Q On page 3, under heading 3, you say that the Borden-Tormentine service does not adequately meet the transportation requirements of the western portion of P.E.I. because of distance and the time element, and, on page 13 of your brief, you list points that the proposed Buctouche route would serve, showing the cutting down of mileage. Is the saving in mileage as substantial a factor in your argument as the time element?

A Yes.

Q Dealing with the time element, you point out that the Borden-Tormentine service is tied to the railway.

Presumably the Buctouche service would not be?

A Correct.

Q You also allege in the same paragraph that during the summer season the Borden ferry is not able to carry the traffic offering and you point to the four and a half minimum wait during the summer months. Presumably you suggest that if the Buctouche ferry service were instituted this would alleviate the situation at Borden. In other words, is this not merely rerouting traffic and taking business away from the Borden ferry?

A No. It will create additional business. The Wood Islands ferry statistics show this.

Q In the second paragraph on page 4 you say the average time for freight from Moncton to O'Leary is approximately six days. When you say this is the average, that surely must mean that there^{are} times when it takes much longer and other times when it is done in a much shorter period of time?

A This is the average; it is sometimes longer.

Q Are there other places on the Island where it is as serious as this or does this happen to be one of the worst?

A It is all the same.

Q On page 4, at the bottom of the page, you say the rates to be charged on the proposed service are such as to put the producer and consumer in West Prince more or less on a parity with those who are not handicapped by the necessity of using ferries, and on a parity with the eastern section of the province where the Wood Islands ferry has rates similar to those proposed here.

Would you please elaborate on this point?

A This would place all on parity. I will file particulars of eleven zones on the Island for export rates.

Q On page 5, paragraph (b), you say that the Wood Islands car ferry is of no value to the western section of P.E.I. Would you please indicate on the map which forms part of your brief just why this is so?

A It is generally of no value to the western part. It is of great value to the eastern part of the province. The proposed ferry will open up New Brunswick to Prince County.

Q In the paragraph numbered 4 on page 5 you refer to "one of P.E.I.s most productive agricultural and fishing areas". Would you indicate the population of this area and also indicate the number of people who would be served by this ferry in New Brunswick? We would like pretty full elaboration on this point to indicate just what is involved.

A About 33,000 people; we are the largest of the three counties in population.

Q At the bottom of page 5 and the top of page 6 you give the dollar values of the P.E.I. area for the year 1946 for agricultural and fisheries production. Have you any figures for 1947 and 1948?

A I will supply those and forward them to the Secretary of the Commission.

Q On page 6 you refer to the prospective markets in New Brunswick. Are you in effect saying that this ferry service would enable you to reach the New Brunswick

markets and likewise enable the industrial area of New Brunswick to serve this section of P.E.I. and that consequently this would enable the farmers and fishermen to increase their production, resulting in economic improvement to your area? It seems to me that this is inferred in the last paragraph at the bottom of the page.

A Yes, that is the main point of the brief.

Q Am I correct in assuming that in the paragraph numbered 7 on page 7 you are in effect saying that business organizations in New Brunswick would lend support to this application because they feel it would open up a new market for them in P.E.I.?

A I will send particulars of this to the Secretary.

Q On page 8 dealing with the abattoir at Moncton, I take it that you say that, if you had this ferry service, the Prince County area would go in for hog raising and cattle raising to a larger extent, as they would be able to ship their products to the abattoir at Moncton, whereas it is not feasible to use the one located at Charlottetown. Is your area particularly suited to raising livestock of this kind?

A The very best on the Island.

Q On page 8 you deal with the fish freezing plant at Richibucto. Could the fishermen in this area of the Island compete on a normal basis with those presently supplying the present plant at Richibucto?

A I don't really know.

Q Do they use trawlers and draggers in P.E.I.?

A No.

Q Is it not true that the province of New Brunswick

has gone into the business of using draggers to a very large extent?

A Yes.

Q Would this mean that the Prince Edward Island fishermen would have to do likewise in order to compete?

A Yes, I guess so.

Q Are the New Brunswick fishermen unable to supply the Richibucto plant to its full capacity at present?

A They couldn't last year, but things might have changed due to draggers.

Q Why do the P.E.I. fishermen not simply take their catch direct to Richibucto now instead of bringing it to the plant and having it dried and salted?

A It is too long a journey from the north shore. There are really only shore fishermen operating from P.E.I.

Q At the top of page 9 on the question of emergency uses, presumably this is just an additional argument in favour of the Wood Islands ferry?

A Yes.

Q Can you assess the importance of these emergency uses?

A No.

Q At the bottom of page 10 you deal with tourist possibilities. Presumably you feel that, if this additional ferry service were provided, it would enable expansion of the tourist industry, and you are suggesting that because of lack of this ferry service people have not provided facilities for tourists and that if this ferry service were provided they would be willing to do so?

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A Yes.

Q At the bottom of page 11 and the top of page 12 you argue that the government should not be asked to spend moneys to build up competition with the C.N.R. - presumably between Tormentine and Borden, and you argue that, since traffic has increased on both the Tormentine and Wood Islands ferry routes, it will do likewise with the new proposed route. Surely there must be some limit to this argument?

A I think the better the service provided the greater the traffic will be, as in the case of the Wood Islands ferry.

Q Is it a fair question to ask that, even if this argument were unsound, you are in effect saying that the service should be provided because the people in the west end of the Island need it?

A Yes.

Q Is this the main basis of your case?

A Yes.

---The Commission adjourned at 4.15 p.m. to resume in Quebec City, P.Q., on Saturday, July 30, 1949.

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